AN ASSESSMENT OF TAX AUDIT ON REVENUE GENERATION IN THE OGUN STATE

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ABSTRACT

As a result of tax evasion and non-remittance, the government experiences significant income leaks. On ways to boost government revenue through efficient tax audit and remittance, numerous studies have been undertaken. The Ogun State Internal Revenue Service's tax audit and investigation's effects on revenue production were evaluated in this study (EIRS). The personnel of EIRS, Nigeria, was given a well-structured questionnaire to complete, and responses were gathered. 126 of the administered 150 questionnaires could be located. To test the study's hypotheses, the Ordered Logistic Regression method was used. According to the findings, Field Audit had a negligible impact on income collection in the Ogun State Internal Revenue Service, however Desk Audit and Back Duty Audit had a considerable impact on it. Among other recommendations made by the research, tax audits of taxpayers should be conducted periodically to make sure that tax rules and regulations are being followed.

Keywords: Tax, Revenue, Audit, remittance, Income, questionnaire, Servuces.

1. INTRODUCTION

According to Aliu (2017), the era of the colonial masters in the early 20th century is connected to the establishment of taxation in Nigeria. The government was faced with immense tasks, making its introduction vital. This supports the claim made byEnofe, Embele and Obazee (2019) that Nigeria's contemporary tax system has a troubled history that stretches back to the pre-colonial era.

The amount of revenue that the government generates and uses to build public infrastructure for the benefit of its citizens substantially influences the development of a nation. Taxes are one of the main sources of domestic revenue for a country. Taxes are mandatory levies placed by the government, through its agencies, on the earnings of individuals and businesses. Federal Ministry of Finance (FMF) (2017) defined tax as any required payment to the government mandated by law without a direct benefit, a return of value, or a service, whether or not it is referred to as a tax. It is one of the most consistent and important sources of income for the government, which is used to pay for investments that raise the standard of living for its people. In order to raise money, such taxes are imposed on wages, business profits, dividends, interest, discounts, or royalties. During the second Chartered Institute of Taxation of Nigeria (CITN) Zonal Tax Conference (South-South) held in Benin City in 2018, the State Governor of Edo State, Godwin Obaseki, hailed taxation as being essential to the economic and social growth of the State (Osagie, 2018).

Similar to a financial audit, a tax audit involves acquiring and processing data to assess how well a firm complies with local tax rules (Eze, 2012). To verify compliance with applicable tax laws, the completeness and correctness of tax paid, and other records of a taxpayer, an independent investigation of those data is conducted (Ojo, 2016). Mebratu (2016) claimed that tax audit is clear that a proper tax structure plays a multiple roles in the process of economic development of any nation in demonstrating the significance of tax audit in a nation.

According to Olaoy and Ekundayo (2018), an investigation is an action that is conducted to carefully and accurately examine, search for, and enquire into a subject in order to learn more specific facts. An inquiry into tax evasion is typically conducted on a taxpayer. The goal of the tax investigation is to acquire enough proof of the tax evasion scheme, prosecute the tax evaders in court, and leave the public with a powerful message of deterrence. When it includes testifying in court, forensic investigation is typically linked to this.

No tax payer is willing to turn over her books to tax agents for inspection because it is possible in our many nations, particularly in Nigeria. It is important to remember that it is the responsibility of taxpayers to voluntarily disclose their tax affairs in accordance with the applicable tax legislation. Some businesses offer false financial information to the government in an effort to lower their tax obligations. Tax audits and investigations (IJ)are the result of this. Because of this, according to Onuoha and Dada (2016), Tax Audit and Investigation works to ensure that people and businesses are fairly assessed and taxed.

The government of Ogun State has a number of choices for financing public spending while upholding its budgetary policies. The imposition of suitable taxes on people or businesses, non-tax revenues such as service fees, loans, property and investment income, etc. are some of these choices. Taxation is the main internally generated revenue source in Edo

State. In order to institutionalize tax and revenue administration and mainstream the administration's philosophy of a people-participatory and result-oriented government in the process of internal revenue generation, the Ibikunle Amosun administration decided to reform the government's revenue organs Ogun State Internal Revenue Service (OIRS), 2013). The creation of a Tax Assessment Review Committee (TARC) to assist the OIRS's operations was a crucial component of the reform strategy. This Committee was established with the intention of ensuring that all parties involved in tax matters, particularly taxpayers, tax administrators, and the State Government, are treated in a transparent, just, and equitable manner.

In order to educate and raise public awareness about their rights and obligations, the State Government conducted a Stakeholder Seminar on Tax Laws in February 2013 in partnership with the Ogun State Judiciary. The stakeholder education and sensitization program's goals were to educate the public on tax issues and how taxes paid by Ogun State residents have been wisely spent, instilling openness and accountability, and fostering a culture of high-quality service delivery. Ibikunle Amosunmade the following categorical declaration on May 16 , 2013, as he signed the Ogun State Revenue Administration Bill into law:

> "The taxes you pay to government today are not for the comfort of the Governor. They are neither for the comfort of any Government official. The money you pay as taxes is for the Government to utilize to provide social amenities to the people." (Ogun State Internal Revenue Service, 2013).

According to Barreca and Ramachandran (as stated in Oyedokun, 2016), tax audit and inquiry can boost a country's tax revenue in two ways: directly through the assessment of higher taxes or indirectly by enhancing taxpayer compliance with the tax rules and regulations. Since the majority of taxpayers received significant tax relief as a result of the Personal Income Tax Act of 2011 revision, only around 48% of the 60% of revenue accruing to the State Government under the PAYE scheme was generated as a result (OIRS, 2013). The Ogun State Government changed its emphasis from direct taxes to indirect taxes as a result of this.

Consumption tax, land use tax, e-lottery, pool betting, casino and gaming tax, entertainment tax, etc. are a few examples of these indirect taxes. Tax evasion cannot entirely be eliminated, despite government attempts to guarantee that taxpayers fully abide by the State's tax rules and regulations. In fact, a large body of material that has been devoted to this topic for decades suggests that wilful noncompliance with tax laws continues to be a significant problem in every human culture, particularly in Edo State (Modugu & Anyaduba, 2014; Mohd, Mohamad & Mohd, 2013). This means that the only way to raise the level of tax compliance is through tax audit and investigation. Therefore, the purpose of this study is to investigate how tax audit and investigation affect revenue generation in Nigeria's Ogun State.

The rate of corruption in the tax collection process is extremely high. The government experiences significant revenue leaks as a result of unfair tax advantages provided to taxpayers by dishonest revenue officers. Government personnel harass honest tax payers as a result of corruption in the revenue administration, which also results in exaggerated assessments and excessive litigation costs. Enforcement of the pertinent tax rules will continue to face significant difficulties due to corruption in the revenue administration. Tax audits and investigations will aid in reducing such unscrupulous behavior and thwart tax evasion.

Over the years, taxes have brought in very little money. This supported the claim made by the Edo State government that just 160,000 of the roughly four million residents of the state paid monthly taxes to the state coffers (Aliu, 2017). The main causes of this low compliance and remittance can be linked to the fraudulent actions of tax officers, insufficient tax staff, taxpayers' lack of awareness of the purpose of taxation, their wilful disregard for their tax obligations, etc. These difficulties served as the foundation for the introduction of tax audit and investigation. The study made an effort to look into how tax audits and investigations affect how much money is made in Ogun State.

2. RESEARCH QUESTIONS

The following are the questions asked to guide this research study:

i)   To what level does   field audit influence revenue generation in Ogun State?

ii)   To what extent does back duty audit have impact on revenue generation in Ogun State?

iii)   To what extent does desk audit have effect on revenue generation in Ogun State?

3. OBJECTIVES OF THE STUDY

The main objective of this study was to assess the impact of tax audit on revenue generation in Ogun State. The specific objectives include:

i.   To determine the effect of field audit on revenue generation in Ogun State;

ii.   To examine the significant impact of back duty audit on revenue generation in Ogun State;

iii. To ascertain the impact of back duty audit on revenue generation in Ogun State.

4. RESEARCH HYPOTHESIS

In order to guide the study, the following hypotheses were formulated:

H_{01}: Field audit does not have any effect on revenue generation in Ogun State.

H_{02}: Back Duty Audit does not have impact on significantly on revenue generation in Ogun State.

H_{03}: Desk audit does not have any impact on revenue generation in Ogun State.

5. LITERATURE REVIEW

Conceptual Issues

Tax Revenue

For the purpose of financing public infrastructure and fostering economic growth, the three tiers of government—the Federal, State, and Local—collect revenue from citizens and companies. According to Eze (2012), tax revenue is a charge levied by the government on the earnings of both individuals and businesses. Tax revenue is a mandatory charge that the government imposes through its agencies on the citizens' income, spending, and capital (Olaoye & Ekundayo, 2019). Salaries, business and company profits, interests, dividends, discounts, royalties, petroleum earnings, capital gains, capital transfers, etc. are examples of income that is subject to taxes and levies.

According to tax audit and investigation literature, suspicion of fraud, tax evasion, and associated offenses always serves as the catalyst for an audit (Olaoye & Ekundayo, 2019). According to Adediran, Alade, and Oshode (2013), the major goals of tax audit are to uphold public trust in the accuracy of the self-assessment system and to increase voluntary compliance by identifying and prosecuting tax cheats.

According to Ojo (2016), a tax audit and investigation is an examination of the financial records of the taxpayer to determine if the amount of tax reported complied with all applicable laws and regulations. Tax audits and investigations force taxpayers to abide by the results, forcing them to follow the tax laws as written. Tax audits and investigations prevent tax evasion and almost always maximize adherence to tax regulations, increasing the government's own revenue. The government uses these funds to fulfill its obligations, which include providing security, healthcare, and other essential services like education and basic infrastructure that are crucial for economic growth. According to Adediran, Alade, and Oshode (2013), the main goals of tax audit and investigation are to ensure that taxpayers comply with the provisions of tax laws and regulations going forward as well as to compel taxpayers to abide by the audit and investigation's conclusions.

Internally Generated Revenue (IGR) reforms have increased the state's revenue in Edo State. Only 160,000 of the roughly four million people who live in Edo State's governor Godwin Obaseki's jurisdiction pay monthly taxes to the state coffers (Aliu, 2017). The annual collection in local council areas has increased from N30 million in November 2016 to N150 million in November 2017, he claimed, showing that the Internally Generated Revenue (IGR) changes his administration implemented had produced significant outcomes (Proshare WebTV, December, 2017). He emphasized once more that capital projects would be carried out throughout the state using all tax funds.

Tax Audit Types

There are various sorts of tax audits, including Desk Audit, Field Audit, Back Duty Audit, Registration Audit, Single Issue Audit, and others, as noted by certain scholars like Adediran, Alade, and Oshode (2013). Three different sorts of tax audits were explored for the study's aims and for the purposes of this study.

Office Desk Audit

According to Adediran et al. (2013), a desk office audit is one in which all audit activities take place inside the walls of the tax official's office, where the taxpayers' books and financial data are analyzed. Here, the tax officials only ask the taxpayer for further details so that they may determine whether or not the taxpayer actually owes the correct amount of tax.

Field Exam

A field audit is one that is carried out on the taxpayer's property. When the tax authorities believe they cannot gather enough information from the taxpayers' information, a field audit is carried out. Prior to conducting this type of audit on the taxpayer, the appropriate tax authorities are required to send the taxpayer a letter advising them of their visit for the audit and outlining all the documents they may need for it. The outcome of their desk audit determines how thoroughly the tax officers will check (Adediran et al., 2013). According to Onuoha and Dada (2016), a field audit enables the tax auditor to be more amenable to reviewing more of the tax payer's records and files in order to determine the taxpayer's actual tax burden.

Audit for Back Duty

In a back duty audit, the tax official is only permitted to look at the taxpayer's records up to six years prior to the year of the actual audit (ICAN, 2014). Researchers claimed that back duty audits can be initiated when it is seen that the profit disclosed in the filed returns has decreased, when there is a questionable claim of capital allowances for the current or

previous year, when a document is fabricated and submitted to the tax office in order to lower tax liability, etc (Adediran et al., 2013; Onuoha & Dada, 2016; Olaoye & Ekundayo, 2019).

Condition for a Good Tax Audit

According to Adediran et al. (2013) and Nwaiwu and Okoro (2018), in order for a tax inspector to conduct a successful audit operation, the following requirements must be met:

1. The tax auditor needs to be comfortable with his surroundings. His ability to make decisions will be highly influenced by his knowledge of the political, economic, social, cultural, and religious context of the taxpayer.

2. The tax inspector should be driven to conduct a tax audit and should have training and experience in his area of expertise. He must resist the temptation to become distracted by dishonest actions that defeat the purpose of the tax audit.

3. To ensure that the right thing is done, the tax audit should be conducted by professionals, and when fresh tax inspectors are sent out to conduct the audit, the older ones should supervise them.

4. Specialization ought to be promoted. Group the cases together. The tax audit team will be able to specialize in a certain area thanks to this.

5. There should be a change in how the audit is conducted. The use of a computer should take the place of the manual method since it will greatly simplify the task and aid in the long-term preservation of information. This will increase the exercise's effectiveness (Ogundele, 1999).

Tax Investigation

An inquiry, in the words of Enofe, Embele, and Obazee (2019), is a methodical fact-finding and reporting process carried out to accept or contest the presence or non-existence of a material fact. Tax investigation was described by Oyedokun (2016) as a more thorough and careful study of the taxpayer's records. It usually starts when there is a suspicion that fraud, tax evasion, or other similar crimes have been committed. Tax investigators are in a position of greater authority and power than tax auditors.

Tax Evasion

According to Owusu (2019), tax evasion1 is the illegal manipulation of an individual's or business's actions with the primary goal or aim of reducing the overall amount of tax owed.

Taxpayers either partially or completely evade taxes, according to Fakile and Agdebie (2011). In their opinion, full evasion happens when a person or corporate entity that is qualified to pay tax fails to register with the appropriate tax authorities, as opposed to partial evasion, which is the understatement of an individual's or corporate body's revenues. Tax evasion can be viewed as straightforward fraud and is a criminal offense, but tax avoidance is a methodical tax planning exercise (taking advantage of tax system loopholes to decrease taxpayer's tax bill). Taxpayers dodge taxes mostly because they believe that the government does not employ the money it collects in taxes for the benefit of the populace. If the government uses the tax revenue earned to effectively provide its citizens with public benefits, tax payer compliance would increase (Enofe, Embele & Obazee, 2019).

Empirical Reviews

In their 2013 study, Adediran, Alade, and Oshode looked at how tax audits and investigations affect Nigeria's ability to generate money. 400 respondents, who were employees of the Federal Inland Revenue Service and the Edo State Board of Internal Revenue, served as their major sources for gathering data. Using SPSS output data to test their hypothesis, they discovered that tax audit and investigations had a substantial positive link with the government's revenue base since they are associated with an increase in revenue. In addition, they discovered that tax audits and investigations can put a stop to tax evasion instances across the nation.

In order to ascertain the connection between the tax audit and revenue generation in the Federal Inland Revenue Service (FIRS), Onoja and Iwarere (2015) investigated the effects of tax audit on revenue generation in Abuja. The study's sample population was made up of the FIRS workers, to whom they distributed their questionnaire. The sample size was established using the Taro Yamane sampling approach. Using Analysis of Variance, the collected data were analyzed and the hypotheses tested (ANOVA). They discovered a strong and positive correlation between tax audits and the Federal Inland Income Service's ability to generate revenue.

Olaoye and Ekundayo (2019) investigated the impact of tax audits on tax compliance and remittance in the state of Ekiti. The details of tax audits were examined using desk audits, field audits, back duty audits, and registration audits in order to determine how they affected tax compliance and the remittance of tax revenue in Ekiti State. They used a closed-ended questionnaire to gather the relevant data, which they then analyzed using a correlation matrix and multiple regressions.

They found that, with respective p-values of 0.001, 0.000, 0.000, and 0.000, desk audit, field audit, back duty audit, and registration audit all positively and significantly affected tax compliance and payment in Ekiti State. They added that, of all the predictor variables, the field audit was the most important predictor.

Igbinigie (2018) conducted an empirical analysis of the challenges and potential for internally produced revenue in the state of Edo. Each employee of the 18 Local Government Councils made up the study's population. 200 respondents from 11 Local Government Councils were included in the purposive sampling sample size for the years 1998 to 2015 using this method. Both parametric and nonparametric estimate techniques were used in the data analysis and testing of the research hypotheses. The outcome demonstrated that in Edo State, the coefficients of rentals and licenses (-1.670000, -443.5507) were adversely associated to IGR while the coefficients of penalties, profits, and rates (1.5740, 0.667978, and 0.665834) were positively related to IGR.

In Lagos state, Nigeria, Olaoye, Ogunleye, and Solanke (2018) looked at how the tax audit affected tax productivity. The influence of Desk audit, Field audit, and Back-duty audit on tax productivity in Lagos state was examined, along with changes in tax audit and tax productivity. Both primary and secondary data were used by them. 350 randomly chosen employees of the Lagos State Internal Revenue Services completed questionnaires that served as the primary source of data, while secondary sources included the Federal Inland Revenue Service and the Lagos Internal Revenue Service audit division for the years 2000 to 2015. Unit root test, Fully Modified Least Square (FMOLS), co-integration regression, and Logit regression analysis were all used to examine these data. They found that field tax audit, desk tax audit and back duty tax audit has a significant positive impact on tax productivity with reported estimate of 0.530454 (p¼0.0044o0.05) for FIDAUD, 0.774450 (p¼0.0085o 0.05) for DEKAUD, 1.244317 (p¼0.0001o0.05) for BAKAUD.

Amah and Nwaiwu (2018) looked at how tax audit procedure affected Nigeria's down south tax income generation. They used both primary and secondary data sources, and SPSS version 21.0 with a 0.71% accuracy rate was used to analyze the data using both linear regression analysis and multiple regression analysis. The study found that the tax audit procedure predictor variable had a favorable impact on the Nigerian tax revenue criterion variable.

The effect of tax audit and inquiry on tax evasion was studied by Enofe, Embele, and Obazee in 2019. a well constructed survey given to employees of revenue-generating organizations in Nigeria's Bayelsa State To evaluate the study's hypotheses, the data was put together and the Ordered Logistic Regression method was used. The outcome showed that tax audit, whether it takes the form of a desk audit, a field audit, or a back-duty audit, significantly hinders tax evasion.

Theoretical Framework

The Theory of Reasoned Action (TRA), put forward by Fishbein and Ajzen in 1975 and 1980, served as the foundation for this investigation. For the past few decades, it has been a prominent idea in social psychology (Trafimow, 2015). Fishbein and Ajzen reviewed studies on attitudes and behavior in 1975 and found scant evidence for a connection between the two. They argued that although attitude and behavior should be associated, behavior is determined by the purpose to perform rather than the attitude toward a behavior. It implies that it is quite likely that someone will engage in a behavior if they wish to. This theory is helpful for this investigation since it clarifies which potential tax payers are more likely to evade paying taxes. According to Olaoye and Ogundipe (2018), the government's approach, cultural norms, and individual characteristics may be the main causes of tax evasion.

6. METHODOLOGY

Research Method

The information generated for this study came from primary sources. The core data were gathered via 150 questionnaires given to employees of the Ogun State Board of Internal Revenue in Nigeria's Ogun State. 126 questionnaires were correctly completed and returned. The 126 returned questionnaires were examined using the Ordered Logistic Regression method. A five-point Likert scale was used to build and develop the questionnaire: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD). It had a two-part design. Part B was used to collect information on the study's variables, whereas Part A was used to obtain background information on the respondents (Desk Audit, Filed Audit and Back Duty Audit).

Data Analysis Method

To confirm that the data were reliable, the study used a number of tests. Statistical Package for Social Sciences (SPSS) version 23 was used to perform the Pearson Correlation Matrix, Cronbach's Alpha, Goodness-of-Fit, and Pseudo R Squared tests. In order to investigate a tax audit and an investigation into revenue creation in the Edo State, the ML-Ordered Logit (Quadratic hill climbing) was also used.

Model specification and Estimation

In the study, tax audit is the explanatory (predictor) variable operationalized as Desk Audit, Field Audit and Back Duty Audit, while the measures of tax revenue variable are Internally Generated Revenue.

Internally Generated Revenue (IGR)

= f (Tax Audit and Investigation)……...……..…................... (1) IGR = f(Desk Audit, Field Audit, Back Duty Audit)………..... (2)

$IGR = a_0 + a_1DEAUD + a_2FIAUD + a_3BDAUD + m$……...……...… (3) The model is therefore modified as presented below:

$IGR = b_0 + b_1DA + b_2FA + b_3BDA + m$…………..…...…......……...... (4) Where:

IGR = Internally Generated Revenue

DA = Desk Audit

FA = Field Audit

BDA = Back-Duty Audit

b1, b2, b3, b4 = Coefficients m is error term.

7. DATA ANALYSIS

Table 1: No of Questionnaires Retrieved

Questionnaire Administered	Questionnaires Retrieved	Percentage
150	126	84 %

Authors' computation (2022)

The table 1 above depicted the total number of questionnaires administered and retrieved for the research purpose. As indicated above, a total number of one hundred and fifty questionnaires were distributed, and one hundred and twenty-six were successfully retrieved representing about 84%.

Table 2: Demographics of Respondents

Demographics		Frequency	Percentage (%)	Total (%)
Gender	Male	76	60.30	100
	Female	50	39.70	
Qualification	1st Degree	89	70.63	100
	2nd Degree	34	27.00	
	3rd Degree	3	2..37	
Professional	Chartered Accountants	126	100	100
Years of Experience	1-5 Years	58	46.03	100
	6-10 Years	32	25.40	
	11-15 Years	18	14.30	
	16-20 Years	14	11.11	
	20 and Above	4	3.16	

Authors' computation (2022)

In order to gather data for the analysis, Table 2 above summarized the survey research's descriptive statistics. The respondents included seven professional chartered accountants, 24 men (60.30%) and 21 women (39.70%), with degrees ranging from first to third (89,34, and 3) and percentages of 70.63%, 27.00%, and 2.37%, respectively. In addition, the respondents had years of experience ranging from one to five, six to ten, eleven to fifteen, sixteen to twenty, and twenty or more, with a corresponding number of 16, respectively.

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Table 3: Reliability Test Statistic (Cronbach's Alpha)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.748	.751	11

IBM SPSS 23 (202)

The Cronbach's Alpha showed the reliability of our model, .700 is usually considered acceptable. The value at .748 and .751 based on the standardized items showed that the model used is reliable.

Table 4: Reliability Test for each variable

Variables	No. of Items	Cronbach s Alpha
IGR	11	.788
DA	11	.716
FA	11	.729
BDA	11	.723

IBM SPSS 23

As shown in table 4 above, the Cronbach's Alpha test for each of the variables reliability to validate internal consistency. The results yielded a Cronbach's Alpha statistics coefficient of above .700, which is usually acceptable. Based on the above, we can conclude that our research instrument has a high level of internal consistency.

Table 5: Pearson Correlation Matrix

		Internally enerated revenue	Desk Audit	Field Audit	Back Duty Audit
TE	Pearson Correlation	1	-.094	-.017	.095
	Sig. (2-tailed)		.547	.914	.544
	N	126	126	126	126
DA	Pearson Correlation	-.094	1	.228	.416**
	Sig. (2-tailed)	.548		.178	.007
	N	126	126	126	126
FA	Pearson Correlation	-.219	.219	1	.284
	Sig. (2-tailed)	.906	.169		.063
	N	126	126	126	126
BDA	Pearson Correlation	.084	.417**	.292	1
	Sig. (2-tailed)	.546	.008	.066	
	N	126	126	126	126

**. Correlation is significant at the 0.01 level (2-tailed).

IBM SPSS 23 (2022)

The Pearson Correlation Matrix was used in the study to look at the relationship and association between the dependent and independent variables. Table 5 shows that Desk Audit had a weak negative connection with IGR at (-.094), Field Audit had a weak negative association at (-.017), and Back Duty Audit had a significant positive correlation at (.096). As a result, we deduced that the model was not multi-collinear.

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Table 6: Goodness of fit

	Chi-Square	Df	Sig.
Pearson	146.400	135	.256
Deviance	69.260	135	1.000

Link function: Logit. IBM SPSS 23 (2022)

In the table 6 above, we would like to fail to reject the null hypotheses of the goodness of that our data is adequately fit, because we are looking for a significant value greater than .05, since the significant level for the both p-value stood at .256 and 1.000, the data is adequately fit to be used for our analysis.

Table 7: Pseudo R Square

Cox and Snell	.716
Nagelkerke	.757
McFadden	.433

Link function: Logit .IBM SPSS 23 (2022)

In table 7 above, the Pseudo R-squared (R2) which is the Nagelkerke tells us that our model was able the explain 75% of the variation in the model or the variance in the dependent variable, while the remaining 25% unexplained variations was ascribed to the error term.

Table 8: Regression Result Internally Generated Revenue (IGR) as dependent variable

Method: ML Ordered Logit (Quadratic hill climbing)				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
DA	-0.684813	0.354812	-1.930142	0.0542
FA	-0.153535	0.269707	-0.568783	0.5683
BDA	0.931495	0.439341	2.111538	0.0349
	Limit Points			
LIMIT_2:C(4)	-0.334346	1.037854	-0.335828	0.7584
LIMIT_3:C(5)	0.715578	1.022665	0.688771	0.4916
LIMIT_4:C(6)	1.532463	1.038637	1.504544	0.1335
LIMIT_5:C(7)	2.244742	1.090267	2.058935	0.0397
Pseudo R-squared	0.763352	Akaike info criterion		3.091143
Schwarz criterion	3.371085	Log likelihood		-62.52686

Hannan-Quinn criter.	3.194921	Restr. log likelihood	-66.33136
LR statistic	7.608420	Avg. log likelihood	-1.389533
Prob(LR statistic)	0.054847		

Source: E-views 9 (2022)

8. RESULTS

The result from the ordered logistic regression analysis in table 8 above showed that Desk Audit (DA) had a negative but significant relationship with Internally Generated Revenue in Ogun State with the z-Statistics, coefficient and probability value put at $z(1 , 126) = 1.930142$, $b_2 = -0.684813$, $p = 0.0542$; the result also revealed that Field Audit (FA) portrayed a negative and insignificant relationship with Internally Generated Revenue in Ogun State with the z-Statistics, coefficient and probability value put at $z(1 , 126) = -0.568783$, $b_3 = 0.153535$, $p = 0.5683$, while Back Duty Audit (BDA) had a positive and significant relationship with Internally Generated Revenue in Ogun State with the z-Statistics, coefficient and probability value put at $z(1 , 126) = 2.111538$, $b_1 = 0.931495$, $p = 0.0349$. The explanations led credence to the rejection of the first null hypothesis that Desk Audit does not have a significant impact on revenue generation in Ogun State and the acceptance of the alternative hypothesis. We accepted the second null hypotheses that Field Audit does not efficiently impact on revenue generation in Ogun State and in turn reject the alternative hypothesis. Lastly, we rejected the third null hypothesis that Back-Duty Audit (BDA) does not have any significant contribution on revenue generation in Ogun State, and the acceptance of the alternative hypothesis.

The Pseudo R-squared put at 0.763 suggested that all the independent variables (DA, FA and BDA) jointly accounted for about 75% of the systematic variation in the dependent variable (IGR). This implied that the remaining 25% unexplained variation was ascribed to the error term. The LR statistics put at 7.608420, and its respective probability value put at 0.054847, indicated that model was linearly fitted and reliable in making statement about the dependent variable.

9. DISCUSSION OF FINDINGS

After completing the necessary tests and analytical procedures, one of the results of the study on the effect of tax audit and investigation on revenue generation in Ogun State showed that Desk Audit (DA) had a significant but adverse link with Ogun State's internally generated revenue. This gave support to the alternative hypothesis—that Desk Audit had a large impact on domestically produced revenue in Ogun State—and led to the null hypothesis' rejection. The finding related to the work of Fakile and Adegbie (2011) who examined the influence of tax audit and investigation on tax evasion. It therefore means that an increase in internally generated revenue in Ogun State can be traced to the activities of Desk Audit if the financial records of tax payers are well examined and monitored without compromising the system.

According to another conclusion, Field Audit in Ogun State did not significantly affect Internally Generated Revenue at the 5% level of significance used in the study. As a result, we reject the alternative hypothesis and support the null hypothesis that Field Audit has no significant effect on income production in Ogun State. When tax officials believe they cannot collect enough information from the taxpayers' information, the process is clumsy and has bottlenecks, then they perform a field audit. Since the findings revealed a negligible correlation, it follows that the expenses and obstacles associated with obtaining additional information, data, and documents from a tax payer can be put to more beneficial use.

Back Duty Audit (BDA) exhibited a favorable and significant association with Internally Generated Revenue in Ogun State, according to another research finding. Researchers claimed that back duty audits can be initiated when it is seen that the profit disclosed in the filed returns has decreased, when there is a questionable claim of capital allowances for the current or previous year, when a document is fabricated and submitted to the tax office in order to lower tax liability, etc(Onuoha& Dada., 2016; ; Olaoye & Ekundayo, 2019). We rejected the null hypothesis and accepted the alternative one in light of the findings.

10. CONCLUSION AND RECOMMENDATIONS

The amount of money the government makes and how it uses it to build public infrastructure for the benefit of its citizens strongly influence a nation's ability to develop. This is one of the factors making a research on tax audit and examination into income creation in Ogun State vital. Internally generated revenue (IGR) in the Ogun state was used in the study as the dependent variable, and desk audit (DA), field audit (FA), and back duty audit (BDA) were used as the independent

variables. The SPSS 23 was used in carrying out the reliability test, while the Eviews 9 was also applied in analyzing the data applying ML- Ordered Logit (Quadratic hill climbing) method in finding the relationship between the dependent and the independent variables. The findings showed that Desk Audit (DA) had a significant but negative relationship with internally generated revenue (IGR) in Ogun State; Field Audit (FA) had no significant relationship with internally generated revenue (IGR) in Ogun State; while Back Duty Audit (BDA) had a positive and significant relationship with internally generated revenue (IGR) in Ogun State.

In conclusion, considering how the global pandemic (Covid 19), the fluctuating and falling price of crude oil, and the decrease and decline in federally given revenue to States, the influence of tax audit and investigation on revenue generation in Ogun State is necessary. This has forced the State to consider internal options, including the imposition of various taxes, as a way to raise money to support its annual budget. The study will open the eyes of the Ogun State Government and those who use accounting information regarding the best course of action for tax audit in the state as well as the important factors to concentrate on, make improvements to, and the ones to pay less attention to.

In line with the above findings, the study recommends that:

1. Since those who fall within the purview of Desk of Office Audit are tasked with such responsibility as tax authorities where books and financial records of the taxpayers are checked, they should continue to receive training and retraining. This will help them conduct themselves professionally and effectively throughout the day.

2. It is well knowledge that field audits are carried out when tax officials feel they cannot acquire enough information from the taxpayers' information. There are bottlenecks in the procedure, which is laborious. In order to avoid having to find this information later, there should be a standard procedure that compels taxpayers to reveal and submit all pertinent information and documentation at the time of tax registration. This can be done technologically, thereby making Field Audit easily accessible and significant to revenue generation in Ogun State.

3. Finally, Ogun State should increase the number and capacity of Back Duty Audits in order to better follow up on, closely monitor, and prevent reductions in profits disclosed in filed documents, doubtful claims of capital allowances in relation to current or prior years, and falsification of documents submitted to the tax office in an effort to lower tax obligations.

By experimentally analyzing the effects of tax audit and inquiry on revenue production specifically in Ogun State, Nigeria, this study significantly adds to the body of literature.

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