



OFFICE OF THE  
**AUDITOR GENERAL**  
**FOR THE FEDERATION**  
N I G E R I A  
**An Introduction and History**

## FOREWORD

The history of the Office of the Auditor General for the Federation stretches back well over 100 years to the colonial era. This booklet provides an overview of this history. It provides an outline of the origins of the Office, with some more detailed consideration of developments since the return to civilian rule in 1999, and especially over the last five years.

The Office still faces a number of challenges which are outlined in this booklet. Finally, consideration is given to possible future developments. Which are necessary to ensure that Nigeria has a modern and comprehensive audit service that can play its full role in the fight against corruption in order to ensure that an efficient and effective Federal public service is available for all citizens.

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Auditor-General for the Federation  
May 2016

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# CHAPTER 1:

## ORIGINS OF THE AUDIT OFFICE

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The audit of the public accounts in Nigeria dates back to the beginning of the colonial era. Before 1910, these audits were undertaken by the Colonial Branch of the Exchequer & Audit Department (established in 1866).

The Colonial Audit Service, responsible to the Secretary of State of the Colonies, was established in 1910 and in the same year heads of audit of Southern and Northern Nigeria were appointed. The second Director of Colonial Audit was Sir John Harding who was appointed in 1928 after working for 27 years in Nigeria.

Nigeria was first created in 1914 through the merger of the Northern and Southern Nigeria Protectorates. At this stage, an audit section was established as part of the Central Secretariat in Lagos. The Directors of Audit were responsible to the Governor, but were also “under the general supervision of the Director General of the Overseas Audit Service” (Audit Ordinance, 1956 s7). The Directors of Audit were expatriate British staff as were the senior staff of the office. They were supported by Nigerian staff making a total staff complement of about 100 staff. The Directors of Audit were as follows:

<b>Name</b>	<b>Date appointed</b>
EH Norris (Northern Nigeria)	14 <sup>th</sup> October 1910
CA Pickwood (Southern Nigeria)	1 <sup>st</sup> May 1910
CA Pickwood (Nigeria)	1 <sup>st</sup> January 1914
BE Hanson	25 <sup>th</sup> June 1921
AG Biden	9 <sup>th</sup> June 1926
WE Knollys	26 <sup>th</sup> May 1931
HW Drake	12 <sup>th</sup> July 1933
AC Hands	17 <sup>th</sup> October 1946
JK Buchanan	6 <sup>th</sup> June 1950
JE Barker	1 <sup>st</sup> October 1954
JWH Allen	3 <sup>rd</sup> December 1957
CH Bushell	1 <sup>st</sup> September 1960

At this stage the Federal Audit Department was within the Ministry of Finance and the Annual Report was issued to the Minister of Finance to be passed to the legislature. In addition, from 1954, there was a Director of Audit for each of the then three regions (Northern, Eastern and Western). These later evolved into the current 36 states.

In 1956 an Audit Ordinance was issued. This Ordinance listed the main functions of the Director of Audit to include the following :

- (1) all reasonable precautions were used to safeguard the collection of revenue and the relevant laws and instructions were followed
- (2) all payments were made in line with the annual budget and the relevant regulations
- (3) adequate regulations existed for stores and these were followed.

The Director of Federal Audit was required to submit the Annual Audit Report to the Minister of Finance within eight months of the end of the relevant financial year.

The Lagos headquarters of the Federal Audit Department was at 5 Oil Mill Street, Lagos Island.



## CHAPTER 2: CHALLENGES TO EFFECTIVE PUBLIC SECTOR AUDIT

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The Office of the Auditor General for the Federation has a key role to play in public financial management, especially in terms of public accountability, by ensuring compliance with Financial rules and Regulations, relevant legislation, ensuring due process in public expenditure and thereby minimising the incidence of corruption. However, despite the hard work of the Auditors General and their staff, both current and past, the Office is yet to play this role in full, due largely to challenges beyond its control.

Before the advent of the military rule, the Audit Ordinance of 1956 was in place as the statutory instrument empowering the Office, especially during the regional structure of the nation. The Office had fewer encumbrances on its activities and was able to discharge its role effectively.

The coming of the military era changed the landscape as there was no properly constituted National Assembly from where the Public Accounts Committee could function in line with good practices all over the world.

During the military era (which terminated in 1999) public audit tended to be side-lined, poorly resourced and had low status.

However, in the second republic (1979 to 1983) appreciable progress was made through the 1979 Constitution which gave the Office extensive powers to audit all public funds and public institutions without exception. For example section 79(2) of the 1979 constitution states inter alia:

“The public accounts of the Federation and of all offices, courts and



authorities of the Federation, including all persons and bodies established by law entrusted with the collection and administration of public moneys and assets, shall be audited and reported on by the Auditor-General”

The Office was also carrying out audits of some international agencies during this time.

The overthrow of the civilian regime in 1983 brought a serious setback for the Office in its ability to fully play its role as the Auditor-General of Nigeria. This was the period that the powers of the Auditor-General were watered down by preventing full audit coverage of public funds and institutions. Decree number 17 of 1985 effectively withdrew the power of the Office to audit statutory agencies established by law. It was this provision that was injected into the 1999 Constitution through section 85 subsections three and four.

This back-ground has been and is still an impediment to effective public audit in Nigeria. The failure of successive civilian administrations to bring a modern audit law on to the statute book to complement the provisions of the 1999 Constitution has been a major impediment to an effective audit of public funds. This is despite the consideration of various versions of an Audit Bill which was originally submitted to the National Assembly in 2001.

Another problem is that the Public Accounts Committees of the National Assembly have not been able to fulfil their responsibilities in terms of considering and reporting on the annual reports of the Auditor General for the Federation. The Auditor General for the Federation has submitted annual reports to the National Assembly for each of the financial years since the return to civilian rule in 1999. However, the Public Accounts Committees have rarely been able to submit their own reports to the plenary sessions of the National Assembly. In the same vein, the plenary sessions, have

failed to agree on any motion instructing the executive arm of government to implement the agreed audit recommendations.

Despite these challenges, the Office of the Auditor General for the Federation has continued to improve and move towards providing the essential audit service that is required.

Significant progress has been made in improving the quality of the Auditor-General's annual reports. In addition to the standard regularity and financial audits, the Office has now undertaken an environmental audit of the Lake Chad region, as well as several performance and IT audits.

The Office is now housed in large modern office building known as Audit House in the Central Business District of Abuja and is supported with a state of the art Data Centre. This facility is now able to provide a comprehensive IT function including a Website for improved communication with the public and an Intranet to support internal communication and continued staff development.

### **1.1 Current mandate**

The current mandate of the Office of the Auditor General for the Federation is outlined in the 1999 Constitution of the Federal Republic of Nigeria, as amended (Sections 85 and 86). The Office is required to audit the following:

(i) Public accounts of the Federation

(ii) All Ministries, Agencies and Commissions including Courts.

The implication of this is that the Constitution of Nigeria has given the Office of the Auditor-General for the Federation the



authority to carry out the audit of all income and expenditure of the Federal Government of Nigeria. However, the Constitution prohibits the Auditor-General from auditing the accounts of “government statutory corporations, commissions, authorities, agencies, including all persons and bodies established by an Act of the National Assembly.” As a result, the Office of the Auditor General for the Federation cannot audit the financial statements of parastatal organisations, although it can undertake periodic checks in such state owned entities. The meaning of periodic checks in the context of the Constitution has not been properly defined since no accounting /auditing book has ever defined what a periodic check represents.

The mandate of the Office of the Auditor General for the Federation is also restricted to the audit of Federal bodies. Each of the 36 states of Nigeria has two Auditors-General, one for the audit of state institutions and the other for the audit of local governments within the state. In total, there are 73 Auditors-General in Nigeria, more than the whole of the rest of Africa put together .However nothing in the present legislation precludes the Auditor General for the Federation from tracing Federal public monies to any state of the Federation.

In line with the powers under the Constitution, in 2008 the Office of the Auditor General for the Federation started annual audits of the Federation Account. This account receives oil and other revenue which belong to the three tiers of government. These audits have raised a lot of interesting revelations and observations which are now before the National Assembly.

The Constitution does provide reasonably strong provisions over the appointment and possible dismissal of the Auditor-General, similar to the provision for appointment and removal of the Chief Justice of the Federation. It also provides strong support and

a measure of independence for the Auditor General for the Federation in the discharge of the audit function by providing that the “Auditor-General shall not be subject to the direction or control of any other authority or person” (Section 85(6)).

However, since 1990 Nigeria has not had a detailed audit law to provide the needed support to this Constitutional protection of independence. During the revision of the Laws of the Federation of Nigeria 1990, the Audit Ordinance, 1956 was adjudged to have been superseded by the 1979 Constitution and so was not included as part of the Laws of the Federation.

## CHAPTER 3: FEDERAL AUDIT AFTER THE RETURN TO CIVILIAN RULE

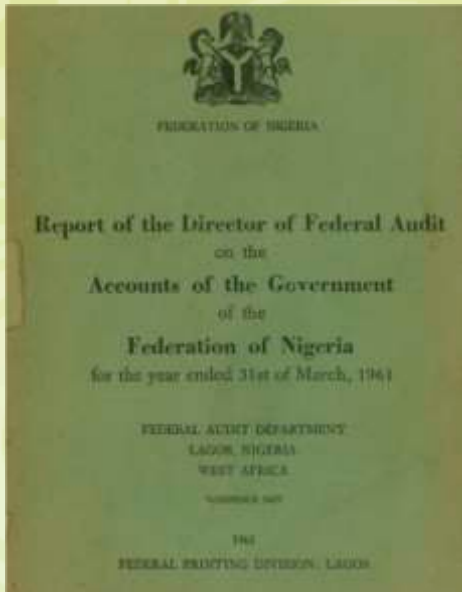
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Nigeria gained its independence on 1st October 1960. The powers of the Auditor-General were laid out in the Constitution of the Federation of Nigeria, 1963 when it provided that:

1. There shall be a Director of Audit for the Federation, whose office shall be an office in the public service of the Federation
2. The public accounts of the Federation and of all offices, courts and authorities of the Federation shall be audited and reported on by the Director of Audit of the Federation, and for that purpose, the Director of Audit or any person authorized by him in that behalf shall have access to all books, records, returns and other documents relating to those accounts.
3. The Director of Audit of the Federation shall submit his reports to the Minister of the Government of the Federation responsible for finance, who shall cause them to be laid before both Houses of Parliament.
4. In the exercise of his functions under this constitution, the Director of Audit of the Federation shall not be subject to the direction or control of any other person or authority (CFN, 1963: section 134 (1-4)).

In 1961 a Guide to Careers in the Federal Public Service of Nigeria, indicated the following senior positions in the Federal Audit Department:

- Director of Federal Audit (annual salary £2,940)
- Deputy Director of Federal Audit (annual salary £2,496)
- Assistant Director of Federal Audit (annual salary £2,292)
- Principal Auditor, (annual salary £1,860).



Other audit staff were Executive Officers on a salary scale of between £648 and £1,116. These staff were expected to be members of the Chartered Institute of Secretaries or the Corporation of Secretaries and before independence they had been local staff.

The Director of Federal Audit was appointed by the Federal Public Service Commission after consultation with the Prime Minister and could only be

removed by a motion passed by parliament for inability to perform his functions or misbehaviour.

At that time, audit involved “the checking of vouchers, receipts and other necessary records after the money has been spent, in order to determine whether or not the amounts had been spent on matters authorized by law” (Awa, 1964: 215). If not the Director of Audit issued a query asking for justification or correction of irregular transactions and could recover money wrongly paid.

A Public Accounts Committee had been established with up to a dozen members including two members who were not members of parliament. The Public Accounts Committee could also examine the records of statutory corporations and boards.



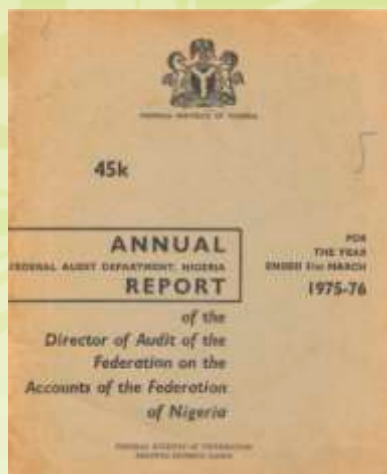
The first indigenous Auditor-General for the Federation Nigeria was Mr. M.A Daramola (late). He was appointed as the Director of Federal Audit on 30th August 1966, was the Auditor-General by 1974 and left his post on 5th March 1976. Before Mr Daramola all the Directors of Federal Audit had been expatriate staff from Britain.

During the military era, the constitution was suspended. “In the absence of Parliament, the military government set up a Public Accounts Committee comprising Nigerians from outside the civil service to review the reports of the Auditor-General” (Omolehinwa 2001: 128). The Public Accounts Committee only met on the eve of the return to civilian rule. Over three days in July 1979 the public accounts committee dealt with the audited accounts of the Federal Government for the five years from 1970 to 1974 (Omolehinwa 2001).



Mr. Y.B Ahmed (late), the second Auditor-General, was in post from 6th of March 1976 until the 14th of June 1983.





Over the four years of civilian rule (October 1979 - December 1983), the focus of the Public Accounts Committee remained on the military era. One reason for this was that the Financial Statements were only provided to the Auditor-General after a delay of between two and three years. In addition, the Public Accounts Committee never reported to the National Assembly on the annual audited financial statements for the military era.

The new civilian Constitution of 1979 included the four sections of the 1966 Constitution except that the Auditor-General was now to report direct to each House of the National Assembly. The Auditor-General was to be appointed by the President on the recommendation of the Federal Civil Service Commission subject to confirmation by the Senate. The Auditor-General could only be removed if this was supported by two-thirds majority of the Senate for inability to discharge their functions or for misconduct. An acting Auditor-General could be appointed by the President in case of vacancy and without recourse to the Senate, but such could only act for up to six months, this is to ensure that there is no vacuum.



Mr. A. O. Osoba was the third Auditor-General from 1st of May 1984 until 9th December, 1984. His tenure was short-lived as he was retired by the Military government in the absence of a viable National Assembly due to the suspension of the constitution by the Military.



Mr. M.A. Adetola (late) – became the fourth indigenous Auditor-General on the 8th of May 1985. He retired on the 31st of December 1986 after 35 years' service in the Department. He was appointed Auditor General for the Federation after a four month vacuum as the most senior Director in the office. With the introduction of the Constitution (Suspension and Modification) (Amendment) Decree (1985 No. 17), the directors of public enterprises and statutory agencies were empowered to appoint, reappoint, and

remove their external auditors. This power was confirmed in the 1999 Constitution of the Federal Republic of Nigeria through section 85, subsections three and four.

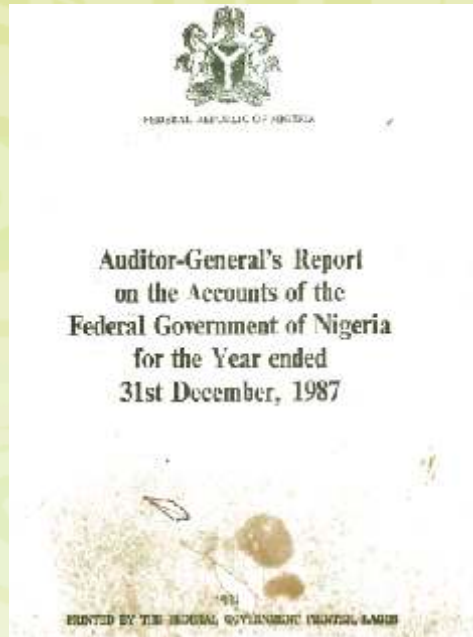


Mr. A.I.J. Etuk (late) was the fifth indigenous Auditor-General from 1st of January 1987 to 28th October 1993. Due to late submission of Financial Statements by the Accountant General of the Federation and in order to have timely submission of the annual Auditor General's report, the reports of the Auditor-General were split into two with effect from the 1991 annual report. The first part covered the outstanding findings from the Inspection Reports of ministries, departments agencies, the

second part reported on the Financial Statements from the Accountant General. This practice was ended when the audit report for 2007 was issued in 2009.

Mr Etuk issued the annual reports for nine years clearing the backlog covering the periods of several of his predecessors going back to the report for 1983.

During the revision of the Laws of the Federation of Nigeria 1990, the Audit Ordinance, 1956 was held to have been superseded by the 1979 Constitution and was therefore omitted from the Laws of the Federation of Nigeria, 1990. The implication



of this is that effectively, since 1990 there has been no Audit Act in Nigeria to complement the provisions of the Constitution.



Mr J C Asugha was the sixth Auditor-General for the Federation, Nigeria from 1st January 1994 to 28th November 1998. During his time Mr Asugha embarked on a lot capacity building initiatives including a value for money audit training and the issuance of many audit publications to aid the audit function. A 28-page publication on The Work-Load of the Office of the Auditor General for the

Federation which detailed the mandates of the Office was issued in 1994. A detailed 153-page Audit Guide that spelt out the methodology for carrying out the audit was developed and produced for use by all staff of the Office of the Auditor-General of the Federation in 1995.

In 1997 the Auditor-General for the Federation and all States. Auditors-General in Nigeria issued Public Sector Auditing Standards. These were based on the international INTOSAI Standards. Further guidance on Public Sector Internal Control Standard (17 pages) was issued in 1998, again this was in co-operation with the Auditors-General of each of the states. These publications have been in use since then, while the Audit Guide has recently been revised.

The headquarters of the Office of the Auditor General for the Federation moved from 5, Oil Mill Street, Lagos Island to 18, Bamako Street, Zone 1, Wuse, in 1998, during the tenure of Mr. Asugha, and then to Plot 849, Koforidua Street, Zone 2, Wuse in 1999. The Office of the Auditor General for the Federation also had an annex at the Federal Secretariat (3rd Floor, Annex B, Phase 1) by Eagle Square in Abuja.





## CHAPTER 4: FEDERAL AUDIT AFTER THE RETURN TO CIVILIAN RULE



Mr Pius N Akubueze was appointed as Auditor-General from November 1998 and retired on 31 December 2001.

Nigeria returned to civilian rule in May 1999.

The 1999 Constitution did not make any significant changes to previous requirements. However, the Auditor General for the Federation was now required to submit the Annual Report to the National Assembly within

ninety days of receipt of the Financial Statements from the Accountant General. The restrictions on the audit of parastatals and statutory bodies by the Office of the Auditor General for the Federation, introduced in 1985, was continued.

In 2000, the accounts for the last five years of military rule had not been audited and were not publicly available (Omolehinwa, 2012). In November of that year, the Auditor-General issued the audit reports for 1995 (part 1), 1996 (part 2) and 1997 (part 2). The report included the comment that the submission of Financial Statements by the Accountant General of the Federation had fallen into arrears between 1984 and 1998. Before he left office, Mr P N Akubueze had issued the other parts of the Annual Reports for the years including 2000.

In January 2000, the independence of the Auditor General for the



Federation was described as follows:

At the Federal level, the post of Auditor-General is provided with the same level of protection as the head of state. Thus the Auditor-General can only be removed if this action is supported by a two thirds majority of the senate. In fact before the last military government all Auditor-Generals in Nigeria had either retired voluntarily or on reaching retirement age.

However, this level of independence is not maintained for other aspects of the Federal Auditor-General's work. Although the Auditor-General's Office is able to appoint its own staff, this is limited to staff on grades up to grade level six. Senior and professional staff in the Auditor-General's Office are recruited and promoted by the Federal Civil Service Commission. In addition, the budget for the Auditor-General's Office is not decided directly by parliament, but only as part of the budget for the Ministry of Finance. In practice this has allowed this ministry to restrict the Auditor-General's budget.

Each of the two houses of the National Assembly (the House of Representatives and the Senate) has its own Public Accounts Committee (PAC). These committees consider and review the annual government accounts and the reports of the Auditor- General on them. However, historically the accounts have not been submitted to the PAC promptly or regularly (Wynne, 2000).

An Audit Bill was submitted to the National Assembly in 2001, but although it was passed by the National assembly, it was not accented to by the President. Another Audit Bill was agreed by the Senate and then the House of Representatives in 2007. Two other

Audit Bills were submitted to the National Assembly in 2009 (failed second reading in House of Representatives) and 2014 (passed by both houses of the National Assembly).



Mr J.O. Ajiboye (late) was acting Auditor-General from 15th January 2002 to 15th July 2002 when he reverted to his substantive post as Director after the statutory six months acting appointment.

Mr Vincent SC Azie, was acting Auditor General for the Federation from 13th August 2002 to 13th February 2003. His name was not submitted to the Senate for confirmation. In

September 2002, he said that consultants were to be commissioned with World Bank assistance to review the arrangements, scope, objectives and legal basis for the Office.

In February 2003, Mr Azie decried the lack of protection for auditors and whistleblowers who vigorously pursue cases of alleged corruption.

Mr Azie complained that the Office was underfunded, making it difficult to carry out some of its functions. Though there was a new training program with the support from the World Bank, he noted that the Auditor General's Office had received very little training in the previous 15 years despite Government policy of setting aside ten



Mr O. R. Ejenavi was appointed Auditor General for the Federation from May 2007 (after having been acting Auditor-General for nearly three months) until May 2009 when he retired on reaching the retirement age of 60 years. During this time, he worked hard to clear the arrears of annual reports by issuing the Annual Reports for the six years from 2002 to 2007. The



Annual Report for 2007, combining both Parts 1 and 2, was issued in mid-May 2009. He also started the audit of the Federation Account. He transformed the Treasury division into a full department with the mandate to audit the Financial Statements, Federation Accounts and the audit of foreign reserves.



Mr. Gabriel Ogunsina was appointed Acting Auditor General for the Federation from 19th May 2009 to November 2009, then reverted to his post of Director, Ministries Department. He continued to run the affairs of the Office after expiration of his acting appointment as the most

senior director in the office up until 9th June 2010. He issued the annual report for 2008 in October 2009 to meet the Constitutional provision which expects the annual report of the Auditor general to be submitted to National assembly by September of the following year.

This was the last Annual Reports of the auditor General to be made public.



In 2010 the structure of the Office was as follows:

### **Departments**

Ministerial Audit Department.

Extra-Ministerial Audit Department.

Revenue Audit Department.

Project Audit Department

Treasury Audit Department

Finance and Accounts Department

Administration and Human Resources Department.

### **Divisions**

Audit Planning and Data Management Division

Public Accounts Committee and Annual Report Division

Internal Audit Division.

### **Units**

Reforms Unit

Information and Protocol Unit.



# CHAPTER 5:

## RECENT DEVELOPMENTS

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The present Auditor-General for the Federation, after confirmation by the Senate of the Federal Republic of Nigeria, assumed duties in June, 2010 and remains in post.

### 5.1 **Brief on Mr. Samuel T. Ukura, OFR, FCA, JP**

Mr. Ukura graduated from Bayero University, Kano, with a B.Sc.



Accounting Degree. He also holds a Masters in Business Administration (MBA) specialising in accounting and a M.Sc. Banking and Finance, both from the University of Nigeria, Nsukka. Ukura is a Chartered Accountant and Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He is also a fellow of the Chartered

Institute of Taxation of Nigeria (CITN).

The Auditor-General for the Federation has been honoured with the national honour of Officer of the Order of the Federal Republic (OFR). Ukura was the Auditor-General of Benue State, for 13 years from 1997, before assuming this current position.

### 5.2 **New Office Building**

Since moving its Headquarters from Lagos in 1998, the Office was operating from a residential building in Koforidua Street, Zone 2, Wuse. The building was quite small and caused acute accommodation problems, although the Office also had an annex in the near-by Bamako Street and many of the staff were



resident in the ministries, departments and agencies. Funds were approved for the purchase or building of a new Headquarters for the Office. The Auditor General for the Federation and Management opted for the purchase of an already completed building. So the present Head Office, located on Plot 273, Samuel Ademulegun Street, Central Business District, Abuja was obtained.

This building is eight stories high and has 250 offices. It is equipped with three lifts and full back-up generator facilities. The Audit Headquarters were formally commissioned by President Goodluck Jonathan on the 25th February 2014. However, the offices had been in use by the Office of the Auditor General for the Federation from February 2013 when organisation vacated its former rented office in Wuse.

### 5.3 Completion of Special Reports

In addition to the Annual Reports, the Auditor General for

the Federation has recently issued a number of special reports these include:

- Local Organizing Committee U-17 World Cup (2009) submitted in 2011
- NNPC report submitted to the National Assembly in 2012, two years before the former Governor of the Central Bank of Nigeria, Sanusi Lamido Sanusi, brought up the \$50billion missing oil funds.
- Accounts of the Civil Pensions submitted to the National Assembly in 2013
- Lake Chad Basin Environmental Audit Report undertaken jointly with the public audit institutions of Cameroon, Chad and Niger and issued to the National Assembly in August 2015
- Niger Delta Development Commission (NDDC) report submitted to the National Assembly in August 2015
- IPPIS Audit Report providing a comprehensive review of the general controls over the computerised payroll system operated by the Accountant General submitted to the National Assembly in March 2016.

#### 5.4 **Data Centre**

The ultra modern Data Centre provides audit staff with the IT tools they need to support their work. This includes a Website, staff Intranet, Local Area Network and email facilities as well as other security features. There is also a teleconferencing facility to facilitate international communication.

The LAN and WAN resulting in the Data Centre was developed with support from the World Bank and is managed by an outsourced IT services company.

### 5.5 **Computerisation of the Office**

In recognition of the importance of ICT in today's audit, the Office has been fully computerised. Most staff on Salary Grade Level 14 or above, all secretaries and all staff that carry out emerging audits are provided with laptops.

### 5.6 **High Level Review by AFROSAI-E To Identify Gaps**

AFROSAI-E sent a delegation that carried out several visits to the Office of the Auditor General for the Federation. This culminated in a high level review of the Office in November/December 2011. The report made a number of recommendations, many of which were accepted and steps initiated to ensure their implementation.

### 5.7 **Management Development Programme**

Following the high level review, the Office entered into Memorandum of Understanding with AFROSAI-E and this resulted in the roll out of a Management Development Programme. This programme included the training of 45 senior staff, on a train the trainer basis, in March 2013. Other senior staff have since benefited from this program which has continued into 2016.

The Management Development Programme led to the formation of seven committees to develop approaches in the following areas:

1. Quality Control & Assurance
2. Human Resources Policy
3. Communication Policy
4. Regulatory Audit Guide
5. Performance Audit
6. Code of Ethics



One-week Management Development Programme, 18th – 22nd March, 2013 .



## 7. Strategic Plan.

### 5.8 **Development of a Strategic Plan**

A five-year strategic plan was produced and adopted in June 2013. This plan covered the period 2013 to 2017. This Strategic Plan was developed with the assistance of the international accounting firm, BDO with financial support from the World Bank. This Strategic Plan will soon need to be updated and further developed to integrate the Office's over-riding objective to achieve level three of the AFROSAI-E Institutional Capacity Building Framework (ICBF).

The Strategic Plan entails the achievement of the following goals:

- *1977 Lima/Peru (INTOSAI Congress No. 9) and 2007 Mexico (INTOSAI Congress No 19) compliant*
- *Motivated Qualified Manpower*
- *Superior Communication*
- *Adequate Infrastructure*
- *Continuous improvement on audit services*
- *Contribute to enhancing good governance*
- *Promote a Code of Ethics.*

### 5.9 **Human Resources Policy**

A comprehensive draft Human Resources Policy was developed in 2014 and is available for consultation with staff on the Intranet. The finalisation of this Policy is ongoing and will soon be concluded.

### 5.10 **Code of Ethics and Conduct and Communications Policy**

A *Code of Ethics and Conduct* has been developed, finalised by the Office and issued to staff.



A *Communication Policy* was developed and issued in 2013. A more comprehensive communication strategy could be developed to implement this policy by benchmarking with other offices of the auditor general in the AFROSAI-E sub-region through support from the National Audit Office (London).

#### 5.11 **Expansion of the Number of Departments**

Between November 2011 and August 2014, the Head of Service of the Federation agreed a new structure for the Office that increased the number of established posts from 1,502 to 1,786. The expanding number of Departments took into consideration the need to ensure auditing with specialised knowledge. The expansion also resulted in the growth of staff in terms of promotions which raised their morale. The following departments were established which are all now headed by a Director:

- o Emerging Issues
- o Judiciary (August 2014)
- o Education and Research Institutions (August 2014)
- o Health & Allied Institutions (August 2014)
- o Defence & Security Agencies
- o Legislature & Constituency Projects (August 2014).

##### 5.11a **Emerging Issues Audit (EIA)**

The Emerging Issues Audit Department was created to handle all new, specialized and emerging issues in audit. It is responsible for IT Audit, Forensic Audit, Risk Based Audit, Performance Information Audit, Disaster Management Audit, Regulatory Authorities Audit and Public Private Partnership (PPP) Audit.

The Office has conducted a Performance Information Audit

of Federal Housing Authority and Disaster Management Audit of the 2012 National Flood Disaster.

#### **5.12 Development of Risk-Based Audit**

Approximately seven audit staff were provided with comprehensive training on the AFROSAI-E Risk-based Audit Methodology by the INTOSAI Development Initiative (IDI). In addition, forty staff received a weeks training by staff of the Auditor-General of South Africa. This training included the undertaking of a series of pilot audit assignments.

The Office's *Audit Guide* was updated and expanded to provide an outline of the regularity risk-based audit approach developed by AFROSAI-E.

This approach is now to be adopted as the standard approach to audit by some operational departments for all financial/regularity audit engagements.

#### **5.13 Expansion of Scope of Audit**

The scope of work undertaken by the Office was expanded to include a number of new approaches, these include, in particular:

- ◆ Performance Audit
- ◆ Environmental Audit
- ◆ IT Audit
- ◆ Performance Management Information Audit
- ◆ Disaster Management Audit
- ◆ Regulatory Authorities Audit
- ◆ PPP Audit.

#### **PERFORMANCE AUDIT**

This is one of the more important approaches to audit performed by today's Auditors-General. Performance audit is the audit of economy, efficiency and effectiveness.

Over 40 specialised performance audit staff have been trained. Some were trained at the Government Accountability Office (US) and others through a Memorandum of Understanding with AFROSAI-E and the Auditor-General of Namibia.

These staff have undertaken a range of pilot performance audits including audits of prison feeding, the Federal Teaching Scheme and waste collection in the Federal Capital Territory. The audit reports of some of these pilot audits are soon to be issued to the National Assembly.

### ENVIRONMENTAL AUDIT

Environmental Audit is a form of Performance Audit. It assesses the impact of a government's environmental management programme. The Office has trained a number of staff on environmental audit. The first environmental audit carried out by the Office of the Auditor General for the Federation was the Joint Environment Audit on the Drying-up of Lake Chad (funded by GIZ and EU) in co-operation with the audit institutions of some neighbouring countries (Cameroon, Chad and Niger). The country report for Nigeria has since been submitted to the National assembly. The team is proposing to carry out other environmental audit once funds are available.



Training of staff in environment auditing at Audit House

## IT AUDIT

The development of major computer based accounting systems, like the Government Integrated Financial Management Information System (GIFMIS) and the Integrated Personnel and Payroll System (IPPIS) mean that expertise in IT audit is now essential. Most audit staff do not yet have the necessary access to GIFMIS or IPPIS.

Two IT auditors were trained in Ghana, and four staff became Certified Information System Auditors (CISA). In addition, 16 staff completed a comprehensive IT training course provided by the Auditor-General of South Africa. This included undertaking several pilot audits and a final training session was held in February 2016. The pilot audits included audits of the general controls in the IT systems deployed by the Debt Management Office, National Electric Regulatory Commission, National Identity Management Commission and the Pensions Commission. In addition, a comprehensive audit of the general controls of IPPIS was completed and has been issued to the National Assembly.



Cross section of the participants  
Cross section of participants at a one week training tagged:  
Nigeria IT Audit Capacity Building Workshop 2016 which held at Conference Hall, Audit House.  
From 8th to 12th of February, 2016

### 5.14 **Quality Control and Assurance Manual**

The Office has developed a comprehensive Quality Control and Assurance Manual. This is now to be rolled out to improve the



quality of management review of audit files and reports. In addition, a Quality Assurance Unit is being established.

### 5.15 **Audit of Multinational Institutions**

As a result of improvements in the quality of audit work undertaken by the Office of the Auditor General for the Federation, the Office has been able to take on a number of audits of Multinational Institutions. These include the audit of the Lake Chad Basin Authority and the audit of World Bank assisted projects in support of the Federal Government.

### 5.16 **International Relations**

The Office of the Auditor General for the Federation now plays an active role in the regional and international audit bodies. This includes regular attendance at AFROSAI-E events, including the annual technical update, and submission of its annual activity questionnaire.

The Office is also regularly represented at meetings of the Commonwealth Auditors-General Conference, AFROSAI and INTOSAI-WEGA. The annual Governing Board meeting of AFROSAI-E is to be held in Abuja in May 2016 followed by the AFROSAI Working Group on Environmental Auditing.

Two staff are sent for training each year with the Government Accountability Office in the US. This is a four month course which starts in March every year.



Participants at the AFROSAI-E Performance Audit Training in November, 2014.



## 5.17 **Training**

### (I) *International*

In recent years staff have been sent on a variety of audit training courses organised by AFROSAI-E, INTOSAI Development Initiatives (IDI). This has included the Management Development Program of AFROSAI-E and the international program of the GAO (US).

### (ii) *Local*

Audit staff have also benefited from a range of local courses. This has included training on the introduction of IPSAS, IT audit by trainers from the Auditor-General of South Africa and performance audit by regional trainers from AFROSAI-E and the Auditor-General of Namibia.

### (iii) *In-house*

Finally, a range of in-house training events have been organised. This has included a program of training workshops on current public finance management reforms by our in-house Technical Advisor.

In April ,2016, 110 ICAN members were trained on Tax Practices Sector focusing on Transfer Pricing, Contemporary issues on International Taxation, Tax Audit and Electronic Based Transactions and Free Trade Zone in Nigeria, Taxation Implications as part of the Mandatory Continuous Professional Development.



Group photograph to commemorate the visit of ICAN President to OAuGF.

In May 2016 around 40 members of staff who are ICAN and ANAN

members attended an intensive five-day course on forensic accounting provided by a range of experts on the various topics . This was the first time that continuing professional development had been provided for ICAN members in the Office. Those attending were provided with a certificate in forensic accounting.

#### 5.18 **Retreat for Members of the Public Accounts Committees**

A two-day retreat was held for members of the Public Accounts Committees of the National Assembly in November/December 2015. This helped to develop an effective working partnership and a detailed action plan is currently being implemented. This event was supported by the Department for International Development (DfID).

#### 5.19 **Ongoing Technical Support**

A full-time Technical Advisor was appointed by the Office and started work in October 2015. The Advisor has had a relationship with the Office since his first presentation on good governance to 150 staff in January 2002. It is hope that this post will be supported for several years.

The Department for International Development supported an initial two week visit by two members of the National Audit Office (Britain). This is planned to be the start of on-going technical support to the Office by the NAO.



The Auditor General of Ghana, Mr. R Q. Quartey, receives the Auditor General of Nigeria, Mr. Samuel Ukura for a study tour of the Ghana Audit Service



Nigeria and Namibia signed an agreement to strengthen cooperation on performance auditing. Mr Samuel Ukura, and his Namibian counterpart, Mr Junias Kandjeke.

## 5.20 **Vehicles**

In recent years, the Office of the Auditor General for the Federation has been able to procure more vehicles to facilitate the work of the Office with the allocation of one new vehicle issued to the audit offices in each state in early 2016.

## 5.21 **Quality Assurance Review by AFROSAI-E**

To keep on track with its reform agenda, the Office again invited AFROSAI-E to undertake a quality assurance review of the progress made so far. The review team visited in early March 2016, consisted of reviewers from AFROSAI-E and GIZ, the German donor agency.



A cross section of OAGF officials and members of the visiting AFROSAI-E Quality Assurance Review Team

# CHAPTER 6:

## REMAINING CHALLENGES

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6.0

### **Challenges Facing the Office**

Despite the giant strides made and the achievement recorded, the Office still faces certain challenges. In 2004, an external consultant noted the following major constraints to progress:

- the fragmentation of public audit in Nigeria, there are 73 auditors-general, more than for all the other African counties combined
- the current approach to audit which is dominated by the routine testing of large numbers of individual transactions
- the large number of relatively poorly qualified and experienced staff employed in audit on fairly low grade levels
- the relative lack of independence of the office of the auditor-general.

Although some progress has been achieved in at least some of these areas, the Office of the Auditor General for the Federation still faces significant challenges which are considered in more detail below.

### **6.1 Office As a Leading Anti-Corruption Body**

All over the world, public audit is the key fighter of corruption. The Office of the Auditor General for the Federation has yet to achieve this status in Nigeria. However, some auditors do provide evidence in court cases brought by other anti-corruption agencies.



All the other anti-corruption agencies investigate cases only as a result of complaints brought before them through petitions and whistle blowers. The Office of the Auditor General has over a thousand professional staff who regularly review the financial management of all Federal Institutions. They regularly find indications and evidence of fraud, corruption and other irregularities, but due to lack of effective co-ordination with the other anti-corruption agencies suitable action may not be taken.

Co-ordination with other anti-corruption agencies, for example, EFCC, ICPC, NEITI, and the Presidential Committee to Advise on Anti-Corruption needs to be significantly improved.

## 6.2 **Modern Legal Framework**

The work of the Office of the Auditor-General is restricted as there is currently no legislation covering the powers, scope and activities of the Office. It is only the brief provisions of the 1999 Constitution of the Federal Republic of Nigeria that governs the Office. This has a significantly adverse impact on the independence of the office.

Several Audit Bills have been submitted to the National Assembly since 2001. At least two were agreed by the National Assembly, but not assented to by the current President within the necessary 30 days. The last Audit Bill was passed by the seventh National Assembly in 2015. The same Bill was passed by the House of Representatives in April 2016 and is currently before the Senate.

In August 2015, President Muhammadu Buhari directed the Auditor-General of the Federation to ensure that all outstanding audit queries were conclusively resolved within 30 days. President Buhari has also directed that in future, ministries, departments and agencies must ensure that all audit queries must be answered within



24 hours.

### 6.3 **Total Independence for the Auditor-General**

The Constitution of the Federal Republic of Nigeria says that in carrying out his duties, the Auditor-General for the Federation shall not be under the directive of anybody or organisation.

However, the Office goes through its budgetary process just like any other MDA or parastatal. Its annual budget is submitted to the National Assembly through the Ministry of Budget and National Planning. Once agreed, the annual budget of the Office is then controlled by the Ministry of Finance and funds are only released by the Accountant General once a warrant has been issued by the Budget Office, similar to other ministries, departments agencies. As a result, the Accountant General, one of the main offices subject to audit is able to exert significant influence over the funding of the Office and has, in recent financial years, not released the full annual budget to the Office.

Similarly, the Office of the Auditor General for the Federation depends on the Federal Civil Service Commission for the recruitment, promotion and discipline of all but junior staff on GL6 or below. This also impedes the administrative independence of the Office.

### 6.4 **Communication within the Office**

There is a need to ensure regular monthly reporting by Directors to the Auditor General for the Federation and to ensure that regular meetings are held at least once a month for the Senior Management to be kept abreast of developments.

### 6.5 **Accommodation**

Despite the provision for modern offices for the headquarters of the Office of the Auditor General for the Federation, two thirds of

the staff remain resident in the offices of the ministries, departments agencies where they work. Federal audit staff are the external auditors to the Government and are not supposed to be resident in the organisations they audit. This is to avoid familiarity and undue social pressures on these audit staff.

In the past, attempts have been made to withdraw all auditors from MDAs and to try and ensure that they are based in separate audit offices. This is to provide greater independence for audit staff. This laudable decision has been hampered by the lack of sufficient accommodation.

#### 6.6 **Salaries and Welfare for Staff**

The emoluments of audit staff are rather low and their welfare is not adequately catered for. The other anti-corruption agencies in Nigeria earn globally competitive salaries and have good welfare packages.

The new Headquarters was due to have its own canteen, but this has yet to be provided. There was a staff bus, but this now requires maintenance so staff have to pay for their own transport costs to work. Despite recent efforts in promoting senior staff within the Office, the promotion of other staff is still in arrears.



Courtesy visit by the country representative of UNICEF, Jean Gongh



A Befitting Send-off Party For Retired Management Staff Of Office Of The Auditor-general For The Federation



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