

APRIL 22 2009
AUDIT POLICY FORUM - REFORMING THE
FEDERAL AUDIT LAW

COMMUNIQUÉ

1. INTRODUCTION

The Audit Policy Forum on Reforming the Federal Audit Law was convened by Centre for Social Justice (CSJ) with the support of the Canadian International Development Agency (CIDA) at Harmonia Hotels Abuja on April 22 2009. Participation was drawn from the Office of the Auditor General for the Federation (“Auditor General”), Ministries, Departments and Agencies, non governmental organizations working on public expenditure management and engaged in transparency and accountability issues and the Media.

The Audit Policy Forum was convened to examine extant policy and legislative positions and to elicit information and ideas from stakeholders on how to address topical issues and challenges for audit reform. The Forum responds to the need to generate interest in re-listing and passage of the Audit Bill beyond the support of the present project on Reforming the Federal Audit Law.

2. OBSERVATIONS

The Workshop noted “where we are” as follows:

A. The Audit Act of 1956 had ceased to be part of the Laws of the Federation of Nigeria. The Laws of the Federation 1990 did not reproduce the 1956 Audit Act and by S.5 (1) of the Revised Edition (Laws of the Federation of Nigeria) Act 1990, the Act ceased to be part of Nigerian laws. And the Laws of the Federation of Nigeria, 2004 also did not reproduce the 1956 Audit Act.

B. Clearly, the political will at the highest executive and legislative levels (excluding the office of the Auditor General) to reform audit legislation and practice appears lacking in the present dispensation. Civil society also appears to have forgotten the need for the reform of audit laws and practice.

C. The audit function is a part of the Public Expenditure Management chain - a chain is as strong as its weakest points.

D. The Office of the Auditor General is faced with poor working conditions, equipment and basic information technology infrastructure is lacking.

E. The process and outcome of the work of the office of Auditor General are still kept away from the public particularly the media and this restricts scrutiny and transparency.

F. Late reports to the Office of the Auditor General of the Federation by the Accountant General of the Federation's office hamper timely and expeditious auditing and reporting on government accounts.

G. Audit firms auditing the accounts of statutory corporations virtually work for them in perpetuity and have no tenure or time schedule when they should serve and leave the corporation. Further, Audit firms and their associated bodies still provide other services including tax or accounting advice or management consulting services, to bodies on which they serve as external auditor.

H. The 1999 Constitution's provisions for auditing require amendments in some areas and these include:

- ❖ Financing for recurrent and capital expenditure that is not charged on the Consolidated Revenue Fund;
- ❖ The Auditor General's restraint from auditing the accounts of government statutory corporations, commissions, authorities and agencies. The Auditor General merely has powers to provide such bodies with a list of auditors qualified to be appointed by them as external auditors.
- ❖ The lack of Audit Service Commission to hire and discipline audit staff.

I. 72 audit reports deliberated upon and submitted by the Public Accounts Committee to the entire House since 1999 are yet to be debated and accepted by the Committee of the whole House in the Senate and House of Representatives.

J. Further, to the last paragraph, "a report on a report" is usually the outcome of the work of the Auditor General and the Public Accounts Committee of the legislature with little or no effective follow up mechanism.

K. Audit reports over the years do not report on the gender dimensions of public expenditure. Audit reports are not based on gender disaggregated data on the impact of public spending.

3. RESOLUTIONS AND ACTION POINTS

Participants therefore resolved as follows:

A. The Auditor General for the Federation should impress it on the executive and legislative authorities that barring constitutional provisions and following the repeal of the Audit Act of 1956, the Office has no statutory provisions to rely upon in the discharge of its audit function.

B. Civil society should consider maintaining a strategic impact litigation in court challenging the continued reliance by government on the obsolete Audit Act of 1956 in the discharge of the audit function.

C. Continued strategic engagement by civil society with the Public Accounts Committees and the leadership of the legislature is imperative for the re-listing and consideration of the Audit Bill by the legislature and its eventual passage into law

D. Civil society engagement of the executive arm of government particularly, the offices of the President, Minister for Finance and Attorney General of the Federation for the purposes of supporting the passage of the Audit Bill is a task that must be done.

E. Civil society organizations should endeavor to include audit reform in their PEM reform advocacy. They should attend the hearings of the Public Accounts Committees in the Senate and House of Representatives and follow up on the implementation of audit recommendations.

F. The media should enhance its interest on audit investigation and reporting to place audit reform issues in the front burner of national discourse. They should also follow up on audit recommendations and point out areas in need of statutory and constitutional reforms.

G. Full implementation of the Fiscal Responsibility and Public Procurement Acts will enhance the audit function and as such demands the support of all stakeholders particularly civil society organizations who should intensify their monitoring of the two Acts of the National Assembly.

H. As a follow up to the last paragraph, civil society demands the immediate constitution of the National Council on Public Procurement in accordance with the tenor of the Public Procurement Act.

I. The Office of the Auditor General needs a befitting office and urgent steps should be taken through appropriation to ensue that the office is adequately and appropriately housed in a congenial environment which promotes productivity, independence and dignity of the audit function. Special funds should also be made available to relieve the poor working conditions, supply equipment and basic information technology infrastructure necessary for the optimum performance of the office.

J. The Office of Auditor General should develop a civil society and media plan and program of action and to constantly engage stakeholders in the performance of the audit function. Considering the hostile operating environment and the inclination of the executive to flout audit recommendations, it is in the interest of

the Office to get allies in the media, non governmental organizations and other stakeholders who will champion the cause of audit effectiveness and integrity.

K. The Accountant General of the Federation should utilize all the powers of sanction vested in the Office by the Financial Regulations and Treasury Circulars to rein in all recalcitrant MDAs and their accounting officers who subvert the accounting and auditing process through late or poor quality reports. Financial transcripts of the preceding month must reach the Accountant Generals office by the 21st of the next month and entire years' accounts not later than the end of January of the following year.

L. The proposed Audit legislation should prohibit Audit firms from serving on contract as auditors for the same corporation, parastatal or agency for more than four consecutive years;

M. Further to the last paragraph, the legislation should prohibit Audit firms and their associated bodies from providing any other services including tax or accounting advice or management consulting services, to any public body for which they serve as external auditor.

N. The National Assembly should in the national interest expeditiously commence the amendment of the 1999 Constitution and during the process dispassionately consider the fiscal provisions of the Constitution including the provisions relating to the Auditor General Office and functions.

O. The National Assembly is called upon to expeditiously consider and adopt the 72 audit reports deliberated upon and submitted by the Public Accounts Committee to the entire House since 1999 which are yet to be debated and accepted by the Committee of the whole House in the Senate and House of Representatives.

P. Further, to the last paragraph, the legislature using its constitutional oversight powers should in accordance with the doctrine of checks and balances insist on the full implementation of their audit recommendations. Public Accounts Committees of the legislature should also develop a strategic engagement plan with allies in the media, non governmental organizations and other stakeholders.

Q. The process of engendering the budgeting process which includes audit should be taken seriously by the Ministries of Finance and Women Affairs and Social Development and all government spending agencies. The lead provided by the Ministry of Women Affairs and Social Development should be sustained.

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