

Supreme Audit Institutions and Public Accountability: Evidence in Nigeria

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Abstract

The aim of this study is to examine whether SAIs have been effective in enhancing public accountability in Nigeria. Public officers charged with the responsibility of managing her common wealth overtime have not been diligent in effectively and efficiently managing the resources due to the high level of corruption in the public sector. The SAI which is to serve as watch dogs by enhancing public accountability has been found wanting in this regards. The study revealed that autonomy, appointment and removal by the executives, weakness on the part of the legislature (public accounts committee), lack of infrastructures and adequate manpower, lack of cooperation from other stakeholders and ICT Usage are major challenges faced by SAIs in enhancing public accountability in Nigeria. The study recommends that the financial, political and organizational autonomy of SAIs in Nigeria be strengthened to enable them act as the watch dog of public officers which in turn will foster public accountability among others.

Keywords: Supreme Audit Institutions, Accountability, Auditor General, Autonomy

INTRODUCTION

DFID, 2004 opine that Supreme audit institutions (SAIs) are national-level watchdog agencies responsible for the audit of government revenue and expenditure. By scrutinizing public financial management and reporting, they provide assurance that resources are used as directed by national governments. The international umbrella association for SAIs is The International Organisation of Supreme Audit Institutions (INTOSAI).

Supreme Audit Institutions (SAIs) oversee the management of public finances. Broadly, they operate within one of three established institutional models (Westminster, Judicial or Board). Traditionally, the role of SAIs has been seen as promoting public sector accountability within a wider climate of good governance. Many commentators therefore assign the role of SAIs in fighting corruption to be primarily an indirect one, centering on deterrence and prevention (Transparency International, 2008). However, it is important to note that some SAIs have taken a more active role in combating corruption. Successful approaches include identifying and publicizing areas of corruption risk, working closely with other institutions, and publicizing the recommendations of audit reports more widely.

A key element of economic accountability is to ensure that public resources are spent according to the electoral and administrative mandate; that funds are distributed in consistence with stated

objectives, and that corruption is avoided. Weaknesses in the audit cycle may have serious implications for poverty reduction targets spelt out in a country's poverty reduction strategy. The

starting point of our investigation has been that supreme audit institutions play a key role in terms of checking governmental accountability over public funds (Vibeke & Lise, 2005).

Consequent upon this, this study aim at ascertaining whether The Supreme Audit Institution (SAI) has to a large extent help in enhancing public accountability in Nigeria since Supreme Audit Institutions (SAIs) over the world are to oversee the management of public finances and promoting public sector accountability within a wider climate of good governance.

The rest of the paper is structured into the following sections; The immediate section dwells on Supreme Audit Institutions in Nigeria. The next section deals on Public Accounts Committee in the public sector which the SAI in Nigeria sends its reports to for deliberations. Section three considers the roles of SAIs in promoting public accountability. Section four explores the challenges of SAIs in Nigeria. Section five explores the conclusion while the last section explores the recommendations.

SUPREME AUDIT INSTITUTIONS IN NIGERIA

Nigeria adopts the Westminster system which is typically marked by SAIs interactions with the parliament. The SAI is a core element of parliamentary oversight and there is a close relation between the public accounts committee (PAC) that review the audit report and the SAI. The SAI is dependent on the parliament to act upon its reports for audits to be effective, implying that with an impotent legislature that do not fully discharge its duties the value of the SAIs work is considerably reduced (Vibeke & Lise, 2005). The office of the auditor general has no judicial function itself but its findings may be passed on to legal authorities for further action indicating another relational factor determining its functioning. There are strong safeguards of the tenure of the auditor general and generally he can only be removed by an act of parliament.

Odia, 2014 record that The SAI in Nigeria is headed by an auditor general who is personally responsible for his office, generating a hierarchical organisational structure. The main weakness of the Westminster model is that a great deal of authority is centralized on the Auditor-General and there is the risk of abuse of power in the wrong hands. Moreover, where the legislature is corrupt and weak, they may fail to instill public accountability. The legislature may not support or follow-up the reports and opinions produced by the Auditor General of the Federation (AGF) thereby making the system ineffective.

The SAIs in Nigeria shall within ninety days of receipt of the Account-General's financial statement, submit his reports to each house of the National Assembly and each House shall cause the reports to be considered by a committee of the House of the National Assembly responsible for public accounts (Izedonmi, 2000).

It is instructive to note that since Nigeria embraced democracy in 1999, corruption has been thriving among public officials owing to the fact that the SAIs have been found wanting and the legislature have failed to carry out their oversight functions on the executives and sanction them accordingly (Odia, 2014).

In the past there have been series of corrupt cases in Nigeria. In recent cases, the Maina gate came into light where N1.3 trillion meant for pension funds was diverted by the former head of the Presidential Task Force on pension reform headed by Abdurashheed Maina under former President Goodluck Jonathan; there has also been a fresh case of NNPC scam subsidy payments to the tune of \$25 billion, the Lawal gate where a total sum of N223 million for the award of contracts under the presidential initiative on the north east was fraudulently used for the cutting of grass at internally displaced camps by the former Secretary to the Government of the Federation, Babachir Lawal.

The Dasuki gate where funds meant for the purchase of military weapons / arms to fight insurgencies to the tune of N2.1 billion were diverted towards prosecuting the 2015 general elections by the former National Security Adviser Sambo Dasuki; the Oke gate where huge amount of money in both foreign and local currencies to the tune of N13 billion was fraudulently stocked in an apartment in Ikoyi which belonged to the National Intelligence Agency under the leadership of the then DG, Ayodele Oke among others are high corrupt cases in Nigeria which are still lingering today without headway due to the weakness of SAIs in enhancing public accountability.

PUBLIC ACCOUNTS COMMITTEE (PAC)

Public Accounts Committee (PAC) is a committee of the House responsible for public accounts in accordance with Section 85 (5) of the 1999 Constitution. The PAC is required to deliberate on the Auditor-General's report, consider all the queries raised by him in his report, compile a comprehensive report and recommendations for submission to the whole House (Ogiedu & Izedonmi, 2013). It is a committee of the National Assembly and the States House of Assemblies responsible for the review of the Auditor-General's report. They are also responsible for handling queries raised by the Auditor-General in his report (Akhidime & Izedonmi, 2013). The committee performs the following functions:

- To sit and deliberate on the Auditor-General's reports submitted to the legislature.
- To summon the Accounting officers to appear before the Committee, to offer explanations on the observations raised by the Auditor-General.
- To examine any officer on oath if need be.
- To enforce audit sanctions as required.
- To recommend to the executive any sanctions to be taken on any erring officers.
- To carry out any other duties as required by the legislature.

It is obvious from the foregoing that it is the PAC that reviews the report prepared by the Auditor General and then recommend appropriate sanctions accordingly. However, experience has showed that members that constitute the PAC are not even vast with accounting and auditing skills and experience. In most cases they don't even have degrees in accounting that will enable them analyse the report of the SAI. This has gone a long way in affecting the quality of its reports because membership of the committee is highly political than with experience on accounting and auditing.

Other challenges faced by the PAC includes:

- Recommendations made by PAC are not even implemented by the executives.
- Inability to summon "big fish" to appear before them for cross examinations.
- The time frame given them to submit their report also inhibits the quality of their report.
- The legislature sometimes uses the PAC to settle political scores with the executive especially in areas where the legislature have vested interest on.

From the foregoing, the PAC has not helped much in enhancing public accountability because they have not been able to complement the work of the SAI.

THE ROLES OF SAIs IN PROMOTING PUBLIC ACCOUNTABILITY

The Lima declaration, first published by INTOSAI in 1977, identifies four objectives of public sector auditing. These objectives are to promote:

- The proper and effective use of public funds;
- The development of sound financial management;
- The proper execution of administrative activities; and
- The communication of information to public authorities and the general public through the publication of objective reports.

The roles of SAIs in promoting public accountability can be classified into primary and secondary roles (Transparency International, 2009).

The primary role involves the **DETERRENCE AND PREVENTION ROLES** while the secondary roles include the following:

- Detecting and investigating corruption
- Focusing audit planning on areas of high corruption risk
- Developing an enabling institutional environment
- Fostering closer working relationship with law enforcement agencies

Deterrence and Prevention Roles: The SAIs all over the world carry out deterrence and prevention roles by setting out measures that will likely deter public officials from engaging in corrupt practices by strengthening internal control measures that will make public officials to be caught if they want to embark on fraudulent acts.

Detecting and investigating corruption: The SAIs carry out its operations which enable it to detect and investigate corrupt act due to the control measures they initiate in the public sector which go a long way in discouraging corrupt practices among public officers.

Focusing audit planning on areas of high corruption risk: SAIs focus their attention on sectors of the economy that are prone to corruption. Hence it enables them to plan and carry out their audit in such sectors so as to identify the red flags which can aid in enhancing public accountability.

Developing an enabling institutional environment: SAIs aid in developing an enabling institutional environment for the economy to thrive. If SAIs are effective in the discharge of its responsibilities, institutions are strengthened which in turn have a great impact on the economy at large.

Fostering closer working relationship with law enforcement agencies: An effective SAI will go a long way in fostering a cordial working relationship with other law enforcement agencies charged with the responsibilities of fighting corruption. This results in a synergy in the fight against corruption since the other law enforcement agencies are carried along in the fight against corruption.

CHALLENGES OF SAIs IN ENHANCING PUBLIC ACCOUNTABILITY IN NIGERIA

The weakness of SAIs in Nigeria that hinders them from enhancing public accountability includes the following.

- Autonomy
- Appointment and removal by the executives
- Weakness on the part of the legislature (public accounts committee)
- Lack of Infrastructures and adequate manpower
- Lack of cooperation from other stakeholders
- ICT Usage

AUTONOMY

In Nigeria, for example, the Auditor General for the Federation (AGF) who is the head of the SAIs is funded by the federal government and their staffs are civil servants, effectively making them subject to the control of the executive who is charged with the responsibility of appointing them. Thus the AGF is at the mercy of those who appointed him and will therefore do its bidding thus making it a toothless bull dog.

The SAI in Nigeria suffers from lack of financial, political and organizational independence. The budgetary allocation to SAIs is not a first-line charge to the consolidated revenue fund (CRF), therefore the SAI in Nigeria is most times starved of funds and resources to perform its duties (Odia, 2014).

APPOINTMENT AND REMOVAL BY THE EXECUTIVE

The SAI in Nigeria can be appointed and removed by the president subject to confirmation by the National Assembly if he deems fit. Hence the SAI often times owe its loyalty to the executive (president) that appointed him. In this case, the SAI will be afraid to carry out its functions effectively and efficiently for fear of the unknown. The Auditor-General have always tread on soft ground or at other times parley with the executive arm in obligating the accountability process.

WEAKNESS ON THE PART OF THE LEGISLATURE (PUBLIC ACCOUNTS COMMITTEE)

The PAC that reviews the report prepared by the Auditor General and then recommend appropriate sanctions accordingly. However, experience has showed that members that constitute the PAC are not even vast with accounting and auditing skills and experience. In most cases they don't even have degrees in accounting that will enable them analyse the report of the SAI. This has gone a long way in affecting the quality of its reports because membership of the committee is highly political than with experience on accounting and auditing.

Other challenges faced by the PAC includes:

- Recommendations made by PAC are not even implemented by the executives.
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- The legislature sometimes uses the PAC to settle political scores with the executive especially in areas where the legislature have vested interest on.

The PAC has not helped much in enhancing public accountability because they have not been able to complement the work of the SAI.

LACK OF INFRASTRUCTURES AND ADEQUATE MANPOWER:

SAIs in Nigeria lack the much needed infrastructures like computers, offices, vehicles etc to enable them discharge their responsibilities effectively and efficiently. They are also faced with the problem of adequate manpower. Even when the manpower is there, some of the staff are not members of professional accounting bodies which go a long way in affecting the quality of their reports.

LACK OF COOPERATION AND HARMONY WITH OTHER STAKEHOLDERS

SAIs is weak because they do not carry along the media, civil society and the public thus making it unable for them to tap vital information from them. The SAI cannot isolate itself from the outside world. There must be collaborative spirit and not adversary relationships between the SAI and the auditees as this will hinder the SAI in enforcing audit measures.

ICT USAGE

SAIs staff are most times not well trained on the use of ICT including the use of audit software. While the auditees are rapidly moving towards Computer Information System environment, SAIs staffs have virtually no experience using basic IT software or Audit software.

CONCLUSION

There is no doubt that lots of corrupt practices have thrived in Nigeria over the years due to the fact that SAIs in Nigeria have not been able to play its role efficiently and effectively. SAIs in other developed clime has played key roles in curtailing corrupt practices. Same cannot be said of Nigeria due to the various cases of corruption that have been thriving and is still thriving.

The Maina gate which involved a sum N1.3 trillion, the Lawal gate to the tune of N223 million, The Dasuki gate to the tune of N2.1 billion, the Oke gate to the tune of N13 billion among others are high corrupt cases in Nigeria which are still lingering today without headway partly due to the weakness of SAIs in enhancing public accountability.

The study established that SAIs in Nigeria have not performed creditably well in enhancing public accountability over the years spanning from the various cases of corrupt practices carried out by public officers since the inception of democracy in Nigeria in 1999 and which has continued unabated. The study concludes that the continuous reoccurrence of corrupt practices among public officers can be traced to the weakness of SAIs in Nigeria in performing their deterrence and prevention roles.

RECOMMENDATIONS

The following recommendations are hereby made:

That the financial, political and organizational autonomy of SAIs in Nigeria be strengthened to enable them act as the watch dog of public officers which in turn will foster public accountability and aid them in carrying out deterrence and prevention roles.

That the Public Accounts Committee should complement the roles of SAIs by making adequate recommendations on the report of the SAIs and inviting those that have been found wanting to appear before them to give evidence under oath no matter the position they occupy.

That SAIs should be provided with the basic Infrastructures that will enable them perform their responsibilities effectively and efficiently and they should also be armed with adequate manpower that are qualified to perform their assignments thus making them to provide quality reports.

That SAIs should be given the much needed cooperation by stakeholders such as civil societies, media and

the general public. This will go a long way in giving SAIs the much needed confidence in carrying out their responsibilities.

That staffs of SAIs be skilled with the use of ICT and other audit software since the auditees have already embraced ICT in the discharge of their responsibilities as this will go a long way in enhancing public accountability.

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