

Legal Framework & Operationalization

Financial Autonomy Not Operational

The legal framework for public audit functions in Lagos State is the Audit Law Ch.A13 Laws of Lagos State 2015¹⁵⁹ known as the principal law and the Audit (Amendment) Law assented to by Governor Babajide Sanwo-olu on 10th February 2020. The principal law provided for financial autonomy for the Office of the Auditor-General for Lagos State. S.36(1)(b) indicates that “the Auditor-General must prepare and submit to the House at least ninety (90) days before the beginning of each year the estimates of revenue and expenditure for inclusion in the State budget”.

Furthermore, S. 36(3) provides that “any sum appropriated to the Office by the House of Assembly of the State in each financial year will be charged on the Consolidated Revenue Fund of the State and paid as first line charge in equal installment every month of the year”.

There is no evidence that the legal provisions stated above are being implemented in Lagos State and the Office of the Auditor-General did not respond to the SAE index questionnaire despite repeated engagements.

Fiscal independence for the Office of the Auditor-General for Lagos State will ensure that the foremost accountability institution is not dependent on its auditee (the Executive arm) for finances relating to its annual budget. The ability of the Executive arm to effectively implement the audit law to allow for financial autonomy as provided for in the Audit Law will enhance performance of the Audit Office and enable it to implement freely and without interference its audit plans and programs.

Administrative Independence Activated

The Lagos State Audit Service Commission was inaugurated in 2021 in compliance with S.1(1) of the Audit Law Ch.A13 Laws of Lagos State 2015 which established the Commission. Also, amendment to S.9 of the principal law provided for its powers and functions to include the power to recruit, promote, transfer and confirm appointments of persons employed by the Commission and dismiss and exercise disciplinary control over such persons holding or acting in such offices among others.

The inauguration of the State Audit Service Commission contributes to strengthening the Office of the Auditor-General administratively, especially by ensuring that human resource issues are addressed through the State Audit Service Commission rather than through the Civil Service Commission.

Appointment Procedure for the State Auditor-General Not Transparent

The procedure for appointing Auditor-General in Lagos State as provided for in the principal Audit Law is not transparent and competitive. S.20(1) of the Principal Law states that “the Auditor General will be appointed by the Governor on the recommendation of the State Civil Service Commission, subject to the confirmation by the House of Assembly”.

While other sections of the Law provided for the qualification and membership of professional bodies, no segment of the legal framework mentioned explicitly the procedure to be followed in appointing the Auditor-General. Such procedure would include advertising the vacancy online and in newspaper publication for a minimum number of weeks and setting a date for interview of shortlisted candidates. Stating and clarifying procedures to be followed in appointing who becomes Auditor-General is very important to enable a competitive process and ensure the best candidate for such a sensitive and important position emerges.

Tenure of Office for the Auditor-General Not Secured

The tenure of office for the Auditor-General is not secured. S.22 of the Audit Law Ch.A13 Laws of Lagos State 2015 provides that “the Auditor-General shall remain in Office until he has attained the retirement age of sixty (60) years, or after spending Thirty-Five (35) years in service (whichever comes first) unless removed under the provisions of this Law”.

This legal provision did not specify the number of years an Auditor-General will spend in office which subjects the tenure of the Auditor-General in Lagos State to several inadequacies including the possibility of having inconsistent term of office for successive Auditor-General which could negatively impact the stability of the office.

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The Audit Law Ch.A13 Laws of Lagos State 2015 or amendment signed into law in 2020 by Governor Babajide Sanwo-Olu ought to have provided for a definitive term of office for the Auditor-General and such term of office should be clearly stated, consistent and predictable.

Legal Mandate to Publish Audit Reports Online Not Available

The Audit Law Ch.A13 Laws of Lagos State 2015 or amendment signed into law in 2020 by Governor Babajide Sanwo-Olu did not mandate the Auditor-General to publish audit reports online. S.32 (2) provides that “the Auditor-General’s report will be published and made available to the public after its deliberation by the House of Assembly and this will be on demand on the payment of a minimal fee”.

Best practice requires that the legal framework mandates the Auditor-General to publish audit reports on an electronic portal immediately after submitting the report to the House of Assembly.

Annual Activity Report For 2022 Submitted Not Published

The Office of the Auditor-General for Lagos State did not publish its annual activity report for the 2022 fiscal year and it is not evident if the report was submitted to the State House of Assembly. However, S.36(1)(a)(ii) stipulates that “ the Auditor-General must prepare and submit to the House at least ninety (90) days before the beginning of each year a draft annual plan that includes interim report for that financial year”.

An annual activity report for the Office of the Auditor-General should include the specific initiatives and activities undertaken during the previous/outgoing calendar year to strengthen the office and improve its performance as well as any impacts (financial and non-financial) that were achieved through audit.

Audited Financial Statement for 2022 Published But Not Accessible

The audited financial statement for 2022¹⁶⁰ financial year published by the Lagos State Government is not accessible. The document

published would not have contained specific audit issues, observations and recommendations of the Auditor-General for 2022. Making the audit report which includes audit issues, observations and recommendations freely available to citizens enhances civic advocacy and investigative journalism on public finance management practices using audit information.

Implementation Status of Audit Recommendations for 2021 Not Available

There is no evidence indicating that implementation of audit recommendations for the 2021 financial year have been completed. Also, it is not evident if the Office of the Auditor-General and House of Assembly in Lagos State has effective mechanisms for monitoring implementation of audit recommendations and resolutions.

No Evidence of Performance Audit for 2022

There is no evidence the Office of the Auditor-General for Lagos State conducted performance audit on any government project, program or policy in 2022. Best practice requires that a performance audit be conducted on projects, programs or policies implemented by the Executive and a report produced, submitted to Parliament and published online for members of the public.

Performance audit refers to an independent examination of a program, function, operation or the management systems and procedures of a governmental entity to assess whether the entity is achieving economy, efficiency, and effectiveness in the employment of available resources.

Citizens’ Accountability Report for 2022 Not Available

The Lagos State Government did not publish the Citizens’ Accountability Report for the 2022 financial year.

A Citizens’ Accountability Report (CAR) is a series of graphic and tabular illustrations of the contents

160 <https://sto.lagosstate.gov.ng/wp-content/uploads/sites/228/2023/07/LASG-YR-2022-IPSAS-FINANCIAL-STATEMENT-1.pdf>

of the Audited Financial Statements prepared by a government agency on behalf of the government to the citizens to ensure accountability of public funds. This report details the government's performance in carrying out the duties assigned to it and the utilization of funds in the coffers of the government.

PAC Review of 2022 Audit Report Not Started

There's no evidence the Public Accounts Committee of Lagos State House of Assembly has started or completed review of the 2022 report of the Auditor-General on the accounts of the Lagos State Government.

The role of the Public Accounts Committee in ensuring timeous review of annual audit reports cannot be overemphasized and very crucial to concluding the audit action cycle for proper accountability. Recommendations of the Public Accounts Committee and House resolutions to improve accountability in the utilization of public funds must be implemented as quickly as possible by Executive agencies. The PAC also has the duty

to involve civil society and media actors during review of audit reports.

CS/Media Actors Not Involved in the Audit Process

Civil society and media actors are not involved in the audit process of Lagos State. The 2022 audited financial statement published is not accessible and would not have contained specific audit issues identified, observations and recommendations. A civil society organization working in Lagos State confirmed the non-inclusion of civic and media actors in the activities of the Office of the Auditor-General and the Public Accounts Committee.

It is important that civic groups who are mostly affected by audit issues and public finance management gaps can use audit information to engage with the Office of the Auditor-General and Public Accounts Committee to ensure their opinions and experiences reflect in planning and executing audit functions as well as the oversight role of the State's Parliament.

SAI Budgets and Releases (NGN'm) (2019 - 2023)

