



## Operationalization of Financial Autonomy for the Office of the Auditor-General

The Oyo State Audit Commission Law 2021<sup>156</sup> provides the legal framework for public sector auditing in Oyo State. The law signed on 30th June 2021 by Governor Seyi Makinde established the Oyo State Audit Commission; the appointment, condition of service, functions and powers of the Auditor-General of the State and Local Governments; the audit of public accounts at the State and Local Governments and other related matters.

S.40(1) of the law states that “for ease of administration, there shall be established a first line charge fund for the Office of the Auditors-General and provision for the fund shall be made in the yearly budget of the State by the House of Assembly”.

S.40(3)(a) indicates further that “there shall be paid and credited to the fund established under sub-section (1) of this section any fund appropriated to the Office of the Auditors-General by the House of Assembly each financial year.

Evidence received<sup>157</sup> showed that the legal provision stated above and contained in the Oyo State Audit Commission Law 2021 is yet to be operational in Oyo State despite Governor Seyi Makinde assenting to the law since June 2021. It is not clear why the legal provision that guarantees the financial independence of the Auditors-General in Oyo State is not being implemented.

It is equally counter autonomous to subject the Office of the Auditor-General in Oyo State to S.41 of the Oyo State Audit Commission Law 2021 which provides that “the Auditor-General shall prepare and submit to the Ministry of Budget and Economic Planning at least 90 days before the end of the current year the estimate of revenues and expenditures for the following for inclusion in the State budget”. This provision limits the independence of the Office of the Auditor-General as it is supposed to be answerable only to the House of Assembly which should be responsible for scrutinizing the revenue and expenditure estimates before presenting to be Ministry of Budget and Economic Planning for inclusion in the Appropriation Bill

Nonetheless, financial autonomy and operational independence for Supreme Audit Institutions especially at subnational level are foundational pillars of achieving public accountability. It is imperative that the Executive arm in Oyo State comply with the provisions of the law to ensure that the Auditors-General remains independent, able to perform their statutory functions and not subjected to the direction or control of any individual or authority due to financial constraints.

## Lack of Transparency in the Process of Appointing Auditor-General

S.22(1) of the Oyo State Audit Commission Law 2021 indicates that “the Auditors-General shall be appointed by the Governor on the recommendation of the State Civil Service Commission subject to confirmation by the House of Assembly”.

Also, S.2(c) of the law states that “the Auditor-General shall be as determined by the State Civil Service Commission”.

These provisions stated above, or other sections of the Oyo State Audit Commission Law 2021 did not mention

explicitly the procedure to be followed in appointing the Auditor-General for Oyo State. 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 ensure the best candidate for such sensitive and important position emerges.

<sup>156</sup> <https://auditgenerallga.oyostate.gov.ng/wp-content/uploads/2021/06/OYO-STATE-AUDIT-LAW.pdf>

<sup>157</sup> SAE Index 2021 Research Survey



## No Clarity of Tenure for the Auditor-General

S.24 of the Oyo State Audit Commission Law 2021 provides that “The Auditor-General shall remain in office until the retirement age of 60 years or after spending 35 years in service (whichever comes first) unless removed under the provisions of this law”.

This legal provision did not specify any term of office for the Auditor-General thereby subjecting the tenure of the Auditor-General in Oyo State to various inadequacies as

successive Auditor-Generals are likely to have inconsistent number of years in service. Such inconsistencies could negatively affect policy implementation at the office of the Auditor-General in Ondo State. The Oyo State Audit Commission Law 2021 needs to provide for a definitive term of office for the Auditor-General and such term of office should be clearly stated, consistent and predictable.

## Audit Mandate Execution

Although the Office of the Auditor-General for Oyo State said<sup>158</sup> it conducted financial, compliance and performance audits for the 2020 financial year, the Auditor-General should work to scale implementation of performance and compliance audits to cover more government agencies thereby ensuring adherence to financial and procurement regulations as well as guaranteeing value for money on programs and projects executed by the government of Oyo State.

## Electronic Access to Audit Reports Not Guaranteed

S.34(3)(c) of the Oyo State Audit Commission Law 2021 states that “The Auditors-General shall express opinion on the audited financial statements referred to in subsection (1) and (2) of this section and may publish and disseminate the reports once formally submitted to the House of Assembly”.

The provision stated above and contained in the Oyo State Audit Commission Law 2021 subject citizens' interest for unhindered access to audit reports on the account of the State to the discretion of the Auditors-General. This is against the spirit of accountability and open governance especially in the utilization of public funds.

## Effectiveness of Public Accounts Committee

Evidence<sup>159</sup> gathered revealed that the Public Accounts Committee of Oyo State House of Assembly is yet to review 2016, 2017 and 2020 reports of the Auditor-General as such no recommendation has been forwarded to the Executive arm to correct audit anomalies or to improve public finance management practices in the State. The role of the Public Accounts

Committee in ensuring timeous review of annual audit reports is very crucial to concluding the audit action cycle for proper accountability in the utilization of public funds. Recommendations of Public Accounts Committee to improve accountability in the utilization of public funds must also be taken seriously and implemented as quickly as possible.

<sup>158</sup> SAE Index 2021 Research Survey

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## Citizens' Participation in the Audit Process

The 2020 report of the Auditor-General for Oyo State has not been published electronically to enable citizens access the report. However, the audited financial statement of the State for 2020<sup>160</sup> is publicly available on the State Government's website. Lack of access to the complete report of the Auditor-General is responsible for low participation of citizens in the audit process of Oyo State especially in using audit information to demand accountability or engagement with the Office of the Auditor-General and Public Accounts Committee. Response<sup>161</sup> received from representatives of Civil Society Organizations in Oyo State indicate poor participation in the audit process of the State as relevant government institutions including Office of the Auditor-

General and Public Accounts Committee are not doing enough to involve citizens in the audit process and infrequent legislative discussion of audit findings. The Oyo State Auditor-General as well as the Public Accounts Committee of the House of Assembly needs to do more in ensuring that citizens are adequately engaged when audit reports are produced and when they are being reviewed by the Public Accounts Committee. It is important that citizens who are mostly affected by audit issues and public finance management gaps can 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 Parliament.

<sup>160</sup> <https://finance.oyostate.gov.ng/wp-content/uploads/2021/06/ACCOUNTING-POLICY-2020.pdf>

<sup>161</sup> [https://docs.google.com/forms/d/11MTI9X0Zi\\_bTJHhUXAPuXMi3wyuhdqr4vEpUaIJU2sk/edit#responses](https://docs.google.com/forms/d/11MTI9X0Zi_bTJHhUXAPuXMi3wyuhdqr4vEpUaIJU2sk/edit#responses)