

Ebonyi State's Critical Audit Issues

Review of Auditor-General's
2018 Fiscal Year Report

February 2020



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This report was compiled by Hope Givers Initiative in collaboration with Development Strategy Centre and with technical and financial support from Christian Aid.

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Introduction

A credible audit process is a critical element of prudent management of resources given its potency in guaranteeing accountability in a state. In accordance with the Fiscal Responsibility Act (2017) and section 125 subsection 2 of the constitution of the Federal Republic of Nigeria, 1999 (amended), the accounts of the Government of Ebonyi State should be audited annually and the MDAs expected to timely act and react to the concerns of the Auditor-General. This study therefore x-rays the Auditor General's 2018 report with the view to ascertaining the extent to which the MDAs acted on the Auditor General's concerns.

Timeliness

In accordance with the Fiscal Responsibility Act (2017) and section 125 subsection 2 of the

constitution of the Federal Republic of Nigeria, 1999, the accounts of the Government of Ebonyi State for the year ended 31st December, 2018 were audited (dated 23rd September, 2019), released and uploaded on the State Government's website for public access and consumption in a timely manner.

Inappropriate Financial Reports

No Ministry, Department or Agency (MDA) was indicted for inappropriate financial reporting in the 2018 Auditor General's report.

Non-Response to Audit Queries

The 2018 Auditor General's report did not mention any MDAs that failed to respond to queries.

Over
N228
million
 under-projected revenue

Revenue Subheads/MDAs with no Revenue Projection

The report of the Auditor General revealed a key concern with the 2018 fiscal year budget as three revenue subheads and eight parastatals with no revenue projections generated a total of **N228,179,254.26** in the fiscal year (see tables 1 and 2). This huge under-projection by the Ministry of Budget undermines the essence of budgeting and accountability given that revenue projections set targets for MDAs and encourages them to generate the most possible revenue for the state. This therefore needs to be reconciled by the Ministry.

Table 1: Revenue Generated by Subheads with no revenue projection

S/N	Revenue Subheads	Revenue Projection (N)	Actual Revenue Generated
1	Licenses	0	162,169,335.00
2	Reimbursement	0	16,000.00
3	Miscellaneous Receipt	0	4,621,156.36
	TOTAL	0	166,806,491.36

Table 2: Revenue Generated by MDAs with no revenue projection

S/N	Ministries, Departments and Agencies	Revenue Projection (N)	Actual Revenue Generated
1	School of Health Technology, Ngbo	0	7,800,000.00
2	State Hospital Management Board	0	3,617,850.00
3	State Council for Arts and Culture	0	136,000.00

S/N	Ministries, Departments and Agencies	Revenue Projection (N)	Actual Revenue Generated
4	Tourism Board	0	3,562,000.00
5	State Investment & Property Coy. Ltd	0	19,933,962.90
6	Cabinet Office	0	715,000.00
7	Office of the Executive Governor	0	25,602,950.00
8	Office of the Auditor-General (LG)	0	5,000.00
	TOTAL	0	61,372,762.90

Under/Non-Submission of Financial Reports by MDAs

According to the 2018 Auditor General's report, no MDA defaulted in the submission of their financial reports. However, the reports showed that there was a 0% revenue performance by 19 MDAs in the year that ended 31st December 2018, amounting to a loss of **N1.878 billion** projected as revenue for the State in the 2018 approved budget. The reason for this needs to be identified as it could imply non-remittance of generated revenue into the State Government's Treasury Single Account (TSA).

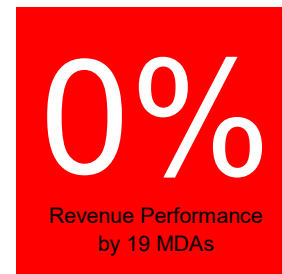


Table 3: MDAs with no revenue performance

S/No	MDA	Revenue Budget (N)	Revenue Performance (%)
1	Ministry of Culture & Tourism	69,444,000.00	0
2	Ministry of Power & Energy	1,800,000.00	0

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S/No	MDA	Revenue Budget (N)	Revenue Performance (%)
3	State Transport Corporation	12,000,000.00	0
4	State Housing Development Corp.	360,000.00	0
5	Ebonyi State Library Board	1,200,000.00	0
6	Ministry of Finance & Econ. Dev.	24,012,000.00	0
7	Govt. Printing Press	289,200,000.00	0
8	EBADEP	5,000,000.00	0
9	Ebonyi Building Material Ind. Ltd.	20,400,000.00	0
10	State Industrial Estate Mgt. Board	110,000,000.00	0
11	Ebonyi State Hotels Afikpo	2,000,000.00	0
12	Dept of Executive Council Matters	120,000.00	0
13	Government Poultry Farm Complex	60,000,000.00	0
14	Women Development Centre	94,560,000.00	0
15	Ebonyi Rice World	1,175,385,600.00	0
16	Project Support Unit	10,000,000.00	0
17	Ebonyi State Sport Council	1,440,000.00	0
18	EB-RUWASSA	720,000.00	0
19	Department of General Services	180,000.00	0
	TOTAL	1,877,821,600.00	0

Recommendations

Going by the Auditor General's report, the Accountant General's report mainly reveals weaknesses in the area of adequate budgetary capacity by the Ministry of Budget. To this effect, the following recommendations are made:

- There is need for the executive arm of the state government to organize capacity building on budget and budgetary process for staff of the Ministry of Budget. This can also be extended to State House of Assembly members to equip them to raise good parliamentary questions during budget defense.
- The State House of Assembly should invite the MDAs that did not report any revenue throughout the fiscal year for explanation. This is to ensure that it has nothing to do with leakages or any form of corrupt practices.
- Citizens/citizens group should be more strategic in demanding accountability from the state government. This enhances effectiveness and efficiency in governance.
- Given the prevailing circumstances in most states, it is quite rare for all MDAs to escape the queries of Auditor General of the State when critical auditing is carried out. The Auditor General's report either means that all the MDAs are doing the needful or the Auditor General is not doing the needful. Therefore, it may be necessary to organize capacity building for the Auditor General and critical staff of the office to forestall any case of not doing the needful resulting from lack of capacity.
- The legislature should prevail upon the indicted MDAs to give account on how the funds were appropriated. For instance, the legislature can pass a resolution to stop further releases of funds to the indicted MDAs until they clear all audit issues.

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- Executive backing should be given to the need for speedy response and strict compliance to audit queries by MDAs
- Adequate provisions should be made for the capacity building of the accounts and audit personnel of various MDAs.
- Parastatals and agencies of government should be mandated to submit their audit report at most 6 months into the next fiscal year.

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Cover photo: Old and new classroom blocks in Ezza South Community Primary School, Ebonyi State. Christian Aid/Faith Aloba