



CENTER FOR FISCAL
TRANSPARENCY AND
PUBLIC INTEGRITY

STRENGTHENING NIGERIA'S PUBLIC OVERSIGHT:

ALIGNING THE OFFICE OF
THE AUDITOR-GENERAL FOR
THE FEDERATION WITH
GLOBAL BEST PRACTICES





The Research Team

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Executive Summary



The Office of the Auditor-General for the Federation (OAuGF) occupies a critical constitutional position in Nigeria's public finance architecture, tasked with promoting transparency and accountability across ministries, departments, and agencies (MDAs), as well as Nigerian embassies worldwide. However, despite its mandate under the 1999 Constitution, which is the only legal framework guiding its operations since the 1958 Audit Ordinance was superseded, the OAuGF continues to underperform. Audit reports often lack depth, authority, and the power to compel reform, which is compounded by the absence of a modern audit law to define timelines, guidelines, and enforcement mechanisms.

High-profile examples, such as the unremitted ₦2.26 billion in customs duties and the staggering ₦6 trillion in mismanaged funds by the Niger Delta Development Commission (NDDC), reveal more than just financial missteps; they point to structural weaknesses in the OAuGF's oversight function. CeFTPI's Transparency and Integrity Index (TII) 2022 scores the OAuGF at 26.66% overall, with 0% in Anti-Corruption, 1.5% in Open Procurement, and 10% in Citizen Engagement, reflecting its limited capacity to address systemic issues, such as unremitted revenues. The Probes Monitor Portal further exposes this weakness, with only 20 of 374 ongoing probes (5.3%) tied to OAuGF audits, allowing financial irregularities, such as ₦3 trillion in unremitted MDA funds, to persist. Compared to African peers like South Africa, whose Auditor-General employs forensic auditing and public dashboards to recover funds, or Kenya, which conducts real-time audits to enhance responsiveness, Nigeria's OAuGF, classified as a Level 2 Supreme Audit Institution (SAI), lags in independence and technological capacity.



Executive Summary



This analysis examines the systemic and recurring challenges facing the OAuGF, utilising audit reports from major government agencies, including the Nigeria Customs Service (NCS), the Nigerian National Petroleum Company Limited (NNPCL), the Federal Inland Revenue Service (FIRS), the Niger Delta Development Commission (NDDC), and FERMA.

A picture emerges of an institution constrained by limited independence, a weak strategic orientation, inadequate funding, the OAuGF receives only about ₦1 billion annually to monitor the trillions that run the Nigerian system and underdeveloped mechanisms for public engagement. Recruitment through the Federal Civil Service Commission (FCSC) further limits the OAuGF's ability to hire specialists in complex fields, such as tax or extractives. The UNCAC Parallel Report critiques Nigeria's weak compliance with Article 9, noting the OAuGF's limited ability to enforce financial transparency, which exacerbates these financial leakages.

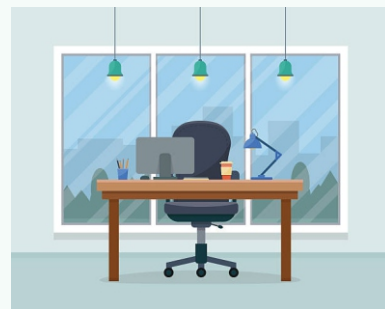
These gaps erode the OAuGF's effectiveness and the broader vision for an open and accountable governance system. To reposition the OAuGF as a transformative institution, this article advocates a phased reform agenda. In the short term, the emphasis must be on making audit findings publicly accessible, forging partnerships with civil society to interpret and amplify these reports, and aligning audit selection with risk-based criteria. In the medium term, constitutional and legislative reforms, including a modern audit law to replace the stalled bill that has been languishing in the National Assembly since its introduction, should guarantee the Auditor-General's independence and establish clear timelines for audit completion.

Digital tools, such as public dashboards modelled on South Africa's, can track the implementation of recommendations. Over the longer horizon, sustained investment in capacity-building, structured stakeholder consultation mechanisms, and benchmarking against global counterparts, such as Canada, and regional peers, like Uganda, which integrate citizen input into audits, will be essential. Lessons from advanced SAIs offer a roadmap for transforming the OAuGF into a modern, assertive, and citizen-facing institution. If Nigeria is to enhance trust in public finance and deepen democratic governance, revitalising the Auditor-General's Office must be seen not as an option, but as a national imperative.

¹ UNCAC Parallel Report (2024). <https://uncaccoalition.org/wp-content/uploads/Updated-Civil-Society-Parallel-Report-on-UNCAC-implementation-in-Nigeria-CeFTPI-UNCAC-Coalition-20-December-2024.pdf>

INTRODUCTION

The Office of the Auditor-General for the Federation is Nigeria's cornerstone of public financial accountability, tasked under Section 85 of the 1999 Constitution with overseeing the financial operations of ministries, departments, and agencies (MDAs), including high-profile entities like the Nigeria Customs Service (NCS), Nigerian National Petroleum Company Limited (NNPC Ltd.), Federal Inland Revenue Service (FIRS), Niger Delta Development Commission (NDDC), and Federal Roads Maintenance Agency (FERMA). Its audits also cover critical public initiatives, such as COVID-19 funds and federal housing programs. However, despite its constitutional mandate, the OAuGF's performance falls short of Nigeria's needs and international standards, as evidenced by systemic gaps in its processes and outputs.



At the Centre for Fiscal Transparency and Public Integrity (CeFTPI), our mission to promote transparency, stakeholder engagement, and evidence-based oversight underscores the urgency of reforming the OAuGF. Drawing from audit reports on NCS (2018–2021), NNPC (2012–2013), FIRS (2018–2021), NDDC (2018–2021), and FERMA (2016–2018), this article critiques the OAuGF's limitations. It proposes a roadmap to align it with global best practices, ensuring it delivers on its mandate and CeFTPI's vision of accountable governance.



The Current State of Public Financial Management in Nigeria

The OAuGF's role is to ensure public funds are managed with integrity, but structural and operational weaknesses undermine this mission. Audit reports reveal staggering financial irregularities: ₦2.26 billion in unremitted NCS duties due to weak controls and smuggling (2018–2021), ₦1.8 trillion in unaccounted NNPC oil revenues and subsidy opacity (2012–2013), ₦1.2 trillion in unremitted FIRS tax



² Dataphyte. (2021, November 17). 2019 Audit Report: NNPC and Customs Service Shortchanged the Federation by N666.15 Billion. <https://www.dataphyte.com/latest-reports/2019-audit-report-nnpc-and-custom-service-shortchanged-the-federation-by-n666-15-billion/>

³ Office of the Auditor-General for the Federation. (n.d.). Audit Report. <https://www.oaugf.ng/audit-report>

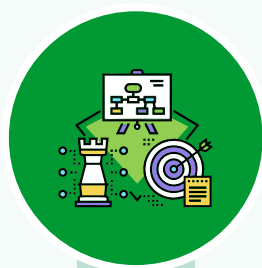
receipts (2018–2021), ₦6 trillion in mismanaged NDDC funds tied to irregular contracts (2018–2021), and ₦500 million in unaccounted FERMA funds due to procurement lapses (2016–2018). These figures highlight not only financial misconduct but also a more profound crisis in audit quality, independence, and the impact of audits on the financial sector.

OAUFG's reports often lack strategic depth, stopping at surface-level discrepancies without analysing fiscal patterns, systemic inefficiencies, or budgeting errors. For instance, while the NDDC audit revealed ₦6 trillion in mismanaged funds, it failed to investigate why irregular contracts persist or how procurement processes facilitate collusion. Similarly, NNPC's subsidy opacity necessitates an analysis of pricing mechanisms and supply chain loopholes; however, the reports do not provide such insights. This limits their utility for policymakers and civil society seeking to drive reform.

The OAUFG's reliance on internal data from audited agencies, without third-party validation or external benchmarking, risks overlooking manipulation or misreporting. Procurement audits, critical in agencies like FERMA and NDDC, treat issues as isolated errors rather than systemic flaws, ignoring pricing anomalies or bidding collusion. Environmental and social impacts, such as the consequences of abandoned NDDC projects on Niger Delta communities or pollution from mismanaged oil funds, are absent from reports, despite their relevance to public welfare.

Inter-agency coordination, a growing challenge as government functions overlap, is another blind spot. For example, inefficiencies in NCS's customs processes affect FIRS's tax collection, yet audits do not explore these linkages. Forward-looking recommendations are also missing, with reports ending abruptly without proposing reforms, compliance timelines, or recovery mechanisms. This explains why issues such as unremitted revenues recur annually with little resolution.

Independence remains a critical issue. Unlike Canada's Office of the Auditor General, which enjoys a fixed tenure and financial autonomy, the OAUFG is vulnerable to political pressure through budget control or removal of the Auditor-General. Delays in



⁴ Vanguard. (2021, September 2). NDDC: Buhari receives forensic audit report, says ₦6 Trillion approved in 18 years. <https://www.vanguardngr.com/2021/09/nddc-buhari-receives-forensic-audit-report-says-n6trn-approved-in-18yrs/>

⁵ Office of the Auditor General of Canada. (n.d.). About Us. https://www.oag-bvg.gc.ca/internet/English/au_fs_e_393.html

⁶ Nigeria Extractive Industries Transparency Initiative (NEITI). (2023, November 9). Revenue Generating Agencies Remitted ₦14.38 Trillion to the Federation Account in Two Years – NEITI FASD Report. <https://www.energyfocusreport.com/revenue-generating-agencies-remitted-n14-38-trillion-to-the-federation-account-in-two-years-neiti-fasd-report/>

⁷ Ibid



report publication, such as the 2019 NCS and FIRS audits, Those released in 2021 reflect this vulnerability. Strengthening legal protections, such as a fixed seven-year term and budgetary independence, is essential to shield the OAuGF from interference, especially when auditing politically sensitive entities like NNPC or FIRS.

Accessibility is another failure. The UK's National Audit Office publishes reports within days, with user-friendly summaries and visualisations. In contrast, OAuGF reports are delayed, often by years, and accessing them requires navigating a cumbersome website with form submissions. There is no public dashboard, no visualisations, and no summaries for non-expert audiences, which stifles public engagement and media oversight.

The absence of risk-based auditing further weakens OAuGF.

Australia's National Audit Office uses predictive analytics to prioritise high-risk agencies, whereas the OAuGF's manual approach overlooks critical areas, such as smuggling in NCS or subsidy fraud in NNPC. Performance audits, which assess operational efficiency, are rare and lack rigour. South Africa's Auditor-General tracks the implementation of recommendations and fund recovery through a public dashboard; Nigeria, however, lacks such a mechanism, leaving billions in flagged funds untracked.

Stakeholder engagement and auditor capacity are also deficient. Sweden's National Audit Office collaborates with civil society to set audit priorities and trains auditors in sector-specific skills. The OAuGF, however, operates in isolation, with minimal input from civil society and no specialised training for auditors in complex sectors such as tax, customs, or extractives. This detachment reduces the relevance and impact of its work.



⁸ National Audit Office (UK). (2022, March 29). *Home*. <https://www.nao.org.uk/>

⁹ Australian National Audit Office. (2025, June 2). *Reports and Publications*. <https://www.anao.gov.au/reports-and-publications>

¹⁰ Business & Human Rights Resource Centre. (2015, February 1). *Auditor General for the Federation Report on the investigative forensic audit into the allegations of unremitted funds into the federation accounts by the NNPC* <https://www.business-humanrights.org/en/latest-news/nigeria-auditor-general-releases-pwc-forensic-audit-report-on-allegations-of-unremitted-revenue-by-nnpc/>

¹¹ Auditor-General of South Africa. (2023). *PFMA 2022–2023 General Report*. <https://www.agsa.co.za/Portals/0/Reports/PFMA/2022-23/202223%20PFMA%20GR%2020240524%20INTERACTIVE%20FINAL.pdf>

¹² Swedish National Audit Office. (n.d.). *About the Swedish NAO*. <https://www.riksrevisionen.se/en/about-the-swedish-nao.html>

The OAuGF's audits reveal significant financial irregularities across key MDAs, as summarised in the table below:

Agency	Audit Period	Irregularity	Amount	Issue
NCS	2018–2021	Unremitted duties	₦2.26 billion	Weak controls and smuggling
NNPC	2012–2013	Unaccounted oil revenues and subsidy opacity	₦1.8 trillion	Lack of transparency in pricing and supply chains
FIRS	2018–2021	Unremitted tax receipts	₦1.2 trillion	Inadequate revenue tracking
NDDC	2018–2021	Mismanaged funds	₦6 trillion	Irregular contracts and procurement issues
FERMA	2016–2018	Unaccounted funds	₦500 million	Procurement lapses

Lessons from Global Best Practices

Global Supreme Audit Institutions (SAIs) offer models for reform. Canada's Office of the Auditor General conducts performance audits that evaluate program effectiveness, including assessments of healthcare delivery during pandemics. Its reports include actionable recommendations and track implementation to ensure accountability. The UK's National Audit Office utilises data analytics to identify fiscal risks and publishes interactive dashboards for public access. Sweden's SNAO engages stakeholders to prioritise audits, ensuring that they are relevant to societal needs. South Africa's Auditor-General employs forensic auditing techniques to uncover fraud and tracks recoveries, with 70% of recommendations implemented within two years, according to its 2023 annual report.

These SAIs share common strengths: independence, advanced



analytics, stakeholder collaboration, and transparent reporting. Nigeria's OAuGF can adopt these by leveraging technology, enhancing auditor training, and fostering public engagement to rebuild trust and effectiveness.

Policy Recommendations

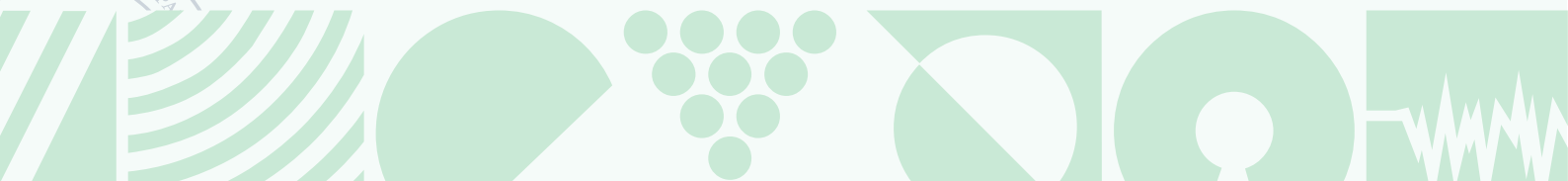
- I. Publish all outstanding audits on www.oaugf.ng with user-friendly summaries, visualisations, and downloadable datasets to improve public access.
- II. Develop a mobile-friendly interface and simplified summaries for non-expert audiences, such as journalists and civil society organisations.
- III. Partner with civil society organisations to analyse audit reports and propose policy recommendations, amplifying public oversight.
- IV. Host public forums to discuss audit findings and gather input on audit priorities.
- V. Conduct a pilot risk-based audit on a high-priority agency like NCS, using data analytics to identify smuggling patterns and prioritise high-risk areas.
- VI. Advocate for constitutional amendments to grant the Auditor-General a fixed seven-year term and budgetary autonomy, reducing political interference.
- VII. Establish transparent appointment processes to ensure merit-based selection of the Auditor-General.
- VIII. Introduce performance audits to assess operational efficiency in key sectors, such as infrastructure (FERMA) and extractives (NNPC), focusing on outcomes rather than compliance alone.
- IX. Benchmark performance audit methodologies against those of global SAIs, such as Canada's Office of the Auditor General.
- X. Create a public dashboard to track the implementation of recommendations, fund recovery, and agency compliance, modelled on South Africa's system.
- XI. Include metrics on recovered funds and resolved audit queries to enhance transparency.
- XII. Develop a formal mechanism to incorporate public and civil society input into audit prioritisation, mirroring Sweden's model.
- XIII. Engage local communities, particularly in regions like the Niger Delta, to assess the social and environmental impacts of mismanaged funds.
- XIV. Implement specialised training programs for auditors in tax, customs, procurement, and environmental auditing to address sector-specific challenges.
- XV. Partner with international SAIs to provide training and knowledge



- exchange.
- XVI. Compare OAuGF findings with regional peers, such as Ghana's Audit Service, to identify best practices and generate comparative insights.
 - XVII. Participate in African Organisation of Supreme Audit Institutions (AFROSAI) initiatives to adopt regional standards.

Conclusion

The OAuGF's current limitations, including delayed reporting, weak analysis, limited independence, and poor engagement, enable financial misconduct to persist, from ₦2.26 billion in unremitted customs duties to ₦6 trillion in mismanaged NNDC funds. These failures undermine Nigeria's democratic and economic progress. Adopting global best practices, leveraging technology, and aligning with CeFTPI's mission of transparency and accountability, the OAuGF can transform into a proactive, independent, and publicly accountable institution. The proposed reform roadmap, encompassing immediate actions, medium-term priorities, and long-term goals, provides a clear path to achieving this vision. The stakes of public trust, fiscal integrity, and sustainable development demand urgent action.



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