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TOPIC:

ACCOUNTING FOR PEOPLE'S MONEY

By

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ACCOUNTING FOR PEOPLE'S MONEY

An Inaugural Lecture Delivered at the University of Lagos Main Auditorium on Wednesday, 8th February, 2012

by

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"Society has the right to require of every public agent an account of his administration.... All citizens have a right to decide either personally or through their representatives as to the necessity of the public contribution ... and to know to what uses it is put."

....The Declaration of the Rights of Man and of Citizen incorporated in the Preamble of French Constitution as quoted in Turc (1997:1).

Introduction

Protocol

It is my pleasure to deliver the Second Inaugural Lecture in Accounting at the University of Lagos. This is coming more than nine years since I became a Professor and many years after the one by Professor Adeyemo in the 70s. At that time, our country was still functioning well. For example, throughout my seven years at King's College, Lagos, there was not a single day that we did not have electricity supply except for the night electricity was deliberately switched off for security reason during the Nigerian Civil War. Today, our country is facing a lot of challenges of which public accountability is a major one. This is reflected in the recent outcry in the country over what the government claimed to be oil subsidy for 2011.

That public accountability has been a constant source of concern to our citizens is best illustrated with the views expressed by Falae (1989), Abisoye (1994), Okigbo (1994) and Oyedepo (2011).

To Olu Falae, a former Secretary to the Federal government,

> *"The report of the Public Accounts Committee is a frustrating tale of unanswered queries and embezzlers who had either left the government service or died without paying back what they corruptly acquired."*[1]

While presenting the report of the Abisoye Panel that looked into the operations of the Nigerian National Petroleum Corporation (NNPC), the Chairman of the panel claimed that:

> *"NNPC does not respect its own budgets. NNPC does not respect its own plans... The unwritten code in NNPC styles of management... would appear to be*

everyone to himself and God for us all ... make hay while the sun shines and loot all the lootables."[2]

In the case of the panel that looked into the operations of the Central Bank of Nigeria, the Chairman, Okigbo (1994) claimed that between September 1988 and 30th June, 1994 a total sum of $12.4 billion which should have been paid into the Federation Account as required by law was paid into what were said to be "Special Dedicated Accounts." Out of this amount, a total sum of $12.2 billion was "clandestinely disbursed" by the President and the Governor of Central Bank who did not account to anyone for the extra budgetary expenditures.

To the Chancellor, Covenant University, Oyedepo (2011)

> *"Most elected public officers operate consciously or unconsciously with absolute mentality, that is, answerable to no one, challengeable by no man and accountable to no one... The masses are more like political captives while the elected officers are their 'lucky' captors who joyfully prey on their captives... Until we institute public accountability system to checkmate elected/public office holders we shall continue to bemoan the scourge of corruption."*

This concern on public accountability has always been one of the reasons given by the Nigerian Military for staging coups. For example, less than 48 hours after Shagari had gone to the National Assembly to present what he called a budget to "fight against all evils in the society", General Buhari and his team of **fellow Nigerians** sent him and his "budget against all evils" packing ostensibly because:

> *"Immorality and impropriety of Nigerian leadership have tainted the whole society."*[3]

As far as Buhari was concerned, the military intervention was to:

> *"clean the society of the cankerworm of corruption and to uphold the principles of public account-ability."*[4]

Table 1: Nigeria's Ranking in Transparency International Corruption Perception Index 1996-2010

YEAR	NUMBER OF COUNTRIES INCLUDED IN THE RANKING	RANK OF NIGERIA	SCORE OUT OF 10.
1996	54	54	0.69
1997	52	52	1.76
1998	85	81	1.9
1999	99	98	1.6
2000	90	90	1.2
2001	91	90	1.0
2002	102	101	1.6
2003	133	132	1.4
2004	146	144	1.6
2005	159	152	1.9
2006	163	142	2.2
2007	180	147	2.2
2008	180	121	2.7
2009	180	130	2.5
2010	178	134	2.4

Source: *Compiled from the rankings of the various years*

That the objective of sweeping away corruption from Nigeria has not been achieved is reflected in the low ranking we have been receiving from Transparency International Corruption Perception Index from 1996 to date as reflected in Table 1. The countries that are perceived to be very clean are given a score of 10 while those that are perceived to be very corrupt are given a score of 0. Out of the 16 years that Nigeria was included in the ranking, the country came last three times (1996, 1997 and 2000), second to the last four times (1999, 2001, 2002 and 2003) and third to the last in 2004. It is also worthy of note that the highest score we have to date is 2.7 out of a possible score of 10 in 2008. This is in spite of the measures put in place to reduce corruption[5] in the country such as the setting up of the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC)

Table 2 shows our oil export earnings in each of the past four decades. In total, our oil export earnings between 1971 and 2010 is about $755 billion.

Table 2: Nigeria's Earnings from Oil Export 1971-2010

PERIOD	OIL EXPORT EARNINGS IN BILLION DOLLARS
1971-1980	92.75
1981-1990	105.53
1991-2000	122.35
2001-2010	434.96
Total	**755.60**

Sources:

(1) 1981-2010: *IMF World Economic Outlook Database,* April 2011

(2) 1971-1980. *Computed from IMF International Financial Statistics Year Book 2000 and CBN Annual Reports of various years.*

Unfortunately, this wealth has not been translated into a society that is functioning well. One way to support this view is by reference to UN Human Development Index

(HDI) which is a comparative measure of life expectancy, literacy, education and standard of living for countries worldwide. In 2010, Nigeria was ranked 145 out of 172 countries surveyed and 25th out of the 50 African countries included in the survey. Nigeria's neighbours Benin, Togo, Ghana and Cameroon were all ranked higher than Nigeria in the 2010 HDI.

In the 2011 HDI, Nigeria was ranked 156 out of 187 countries. The country's score of .459 is lower than the Sub-Saharan African regional average of .463. Another way to support the view that our country is not functioning well is to look at the Ibrahim Index of African Governance that seeks to assess the quality of services provided to the African citizens by their governments. The 2011 Index which involved 53 African countries ranked Nigeria 51st in health, 48th in infrastructure and 41st on the whole for governance compared to Ghana that was ranked 7th.

Our response as elites to this unfortunate development so far is to resort to the running of our own **family government**. By this arrangement, every family that can afford it tries to provide for its members those services that the three tiers of government have failed to provide to our expectation. As a result, we resort to the use of private hospitals, private schools, private electricity supply, private this and private that. Now that our roads are in very bad shape and our refineries are not working, how many of us can resort to private roads and private refineries?

It is against this background that I have decided to focus my inaugural lecture on ***Accounting for People's Money.*** This is because without proper accounting, there can be no accountability and without accountability we cannot turn back the tide of corruption and without the tide of corruption being turned back, our country stands the risk of being a failed state. This we must not allow to happen.

Definition of People's Money

For the purpose of this lecture, **people's money** is the money that ought to be collected by all government agencies and parastatals from all legitimate sources and which should be paid into the appropriate government accounts for subsequent authorized specific utilization for the benefits of all Nigerians by the relevant government officials after meeting all the conditions for the withdrawal of money from such accounts.

The people's money that will need to be accounted for will therefore include the money from federation account, independently generated revenues by government ministries and parastatals, proceeds from privatization, legitimate government loans as defined by Fiscal Responsibility Act, recovered embezzled government money and collections from what government calls Intervention Fund such as Education Trust Fund.

Mr. Vice-Chancellor Sir, before going to the discussion of my subject-matter, permit me to mention that there was no plan at all for me to study Accounting in any form but for one incident that happened when I was in the Lower Sixth form at King's College, Lagos. It was the time to elect our House Treasurer. Our Housemaster, Mr. S.O. Odumewu of Ikenne whom we used to call **Duke** or **Oba** came to the venue of the meeting to decree that there would be no election as he had decided to appoint me the House Treasurer. This was in spite of the fact that I was a science student studying Mathematics, Physics and Chemistry then. This appointment, which automatically raised the bar of accountability for me in my early youth,

was the beginning of my breaking academic relationship with science as I later opted to study Accounting at the University of Lagos. As a student of the University of Lagos (UNILAG), I was elected the Financial Secretary of the Students' Union Government that included Willie Ebigbeyi, Wole Olanipekun now SAN and Boluwaji Akinyeye among others. We did our best to ensure that nobody was allowed to mess up with the Students' Union Fund. However, at the national level, the leaders of National Union of Nigerian Students (NUNS) failed to render accounts of the contributions by the various branches. I became the first Financial Secretary of any branch to call them **to order by refusing to pay Unilag contribution during my tenure**. My experience in my early years therefore helped me to develop very keen interest in the management of public fund. I therefore opted for Public Sector Accounting, an area that I later found to be very difficult because of few studies before and availability of data as explained in the Part 1 of this lecture.

My lecture is in **seven parts**. In the first part, an overview of research in public sector accounting is given along with the problems of doing research in the area in Nigeria. In the second part, the environmental peculiarities of public sector institutions that lead to differences in accounting between public sector and the private sector are indentified. This is followed by accounting for why we have received little dividends from our oil wealth in Part 3. Part 4 discusses what public accountability is all about, the conditions that will facilitate its effective practice and an overview of how it evolved in the western world, especially in UK and USA. Part 5 examines government accounting in Nigeria between 1960 and 1999 when we returned to democratic government. Part 6 looks into different aspects of government accounting in Nigeria from 1999 to date that are relevant to my subject-matter. Part 7 is on my suggestions on what we need to do including the role enhanced public accountability can play in resolving the oil subsidy controversy in Nigeria

PART 1

1.1 Public Sector Accounting did not Receive Attention from the Practitioners and Accounting Academics in the Past

My lecture today falls under the area of Public Sector Accounting which has not received academic attention as the case of private organizations. Even though the Institute of Chartered Accountants of Nigeria, ICAN was given government backing by an Act of Parliament in 1965, Government Accounting as a subject was not examined until 1992.

Until the 1980s, accounting academics did not show enough interest in Public Sector Accounting. According to Perrin (1981:297):

> *"Less than one percent of the papers published in the two British academic accounting and finance journals during the decade of the 1970s were concerned specifically with accounting or finance in the public sector institutions."*

In response to this neglect, a journal to cater solely for public sector institutions, *Financial Accountability and Management* was launched in 1985 in Britain.

In the field of government budgeting, the first journal devoted specifically to the area, *Public Budgeting and Finance* was launched in 1981 followed by *Public Budgeting and Financial Management* (now called *Journal of Public Budgeting, Accounting and Financial Management)* in 1989 while OECD *Journal of Budgeting* made its debut in March 2001.

Even though there have been some interest in Public Sector Accounting recently, Khumalawala (1997) is of the view that most researchers have virtually ignored the governmental accounting systems of developing countries. This is in spite of the fact that developing countries not only have the fastest growing economic segment but also tend to have very large, dominant government entities.

One of the reasons for the past neglect of research in the public sector institutions is provided by Hopwood (1980:185):

> *"Issues of both practical and theoretical significance have not been investigated because they have not been seen as being compatible with current methodological procedures and approaches."*

The methodological approach referred to by Hopwood is the rigorous quantitative analysis which McCosh et al (1981:7) claimed:

> *"has thrown out the baby of relevance in the search for an unimpeachable hygienic variety of methodological bathwater."*

Perrin (1985:14) also complained about this in his editorial work in the journal devoted to the private sector:

> *"a high proportion of academic research... is based mainly on cranking 'published' and 'randomly' collected numbers through statistical tests and computer programs with little evidence of in-depth research or close insight into real-life problems of the institutions whose behavior is being studied."*

Tomkins (1981) probably had this type of complaint in mind when he called for research in Public Sector Accounting that places greater reliance upon the analysis of qualitative rather than quantitative data. Tomkins then warned that in the case of public sector research:

"The path has risks for accounting researchers trained in positivistic, quantitative research methods. When ice meets fire, one or the other or both vanish." (Tomkins, 1981:335).

1.2 Problems of Doing Research on Government Accounting in Nigeria

It is not just the problem of methodological approach that a researcher on government accounting in a country like Nigeria has to cope with but also having access to the data as documented in Phillips Committee (2000) and Omolehinwa (2001). Although there has been some relative improvement in availability of data, brought about by the requirements of 2007 Fiscal Responsibility Act and the use of Automated Accounting Transaction Recording Reporting System (ATRRS), there is still much to be done. (Omolehinwa and Naiyeju, 2011).

PART 2
Understanding the Problems of Management Control in Public Sector Institutions

Our understanding of the problems of management control in the public sector institutions will be enhanced if we first of all know some differences that exist between public sector institutions and private sector institutions.

The dominant purpose of a profit-oriented organization is to earn profit. The success of such an organization can be measured to some extent by the amount of profit earned in relation to the assets of the organization. An investor who is interested in such an organization can look at its financial statements for the relevant information on the extent of fulfillment of the profit goal of the company. On the other hand, the dominant purpose of a non-profit organization is to render socially desirable

specific service to the society at a reasonable cost. While profit is a good measure of performance of a profit oriented organization, this cannot be said of a non-profit organization even in the case of the ones that raise their financial resources predominantly through the sale of goods and services. A high excess revenue over expenses in such non-profit organization, is not enough evidence that the organization is doing well because it is less subjected to market forces than a profit-oriented organization in a competitive industry.

This means that while a profit-oriented organization is expected to produce goods at the selling price that are in line with what the market is willing to pay or go out of business, a non-profit organization has no such danger signal because of the unique circumstances in which the services are priced. The Power Holding Company of Nigeria (PHCN) (formerly Nigerian Electric Power Authority, NEPA) is a public sector institution that as at the time of going to press is a monopolist in its own area of operation and it is not likely to be bothered about going out of business because of consumers' revolt against the prices charged for its services. Thus, in a non-profit organization, there is no satisfactory single overall measure of performance that is analogous to the profit measure in the private sector. **This is why there is the need for greater accountability to act as proxy for the competitive pressures that drive down costs and improve efficiency in the private sector** (Sharman's Committee Report, 2000).

Another important area of difference is output measurement. In the private sector, especially in the manufacturing industry, it is easy to determine the output of the organization. In the case of some public sector institutions it is difficult to measure the output of the organization. This is because the core of government activities centres on provision of public goods like defence, diplomacy and law and order where output cannot be quantified. For example, how do we measure the output of the Ministry of Foreign Affairs that is involved with diplomacy or the military that is involved with protecting the territorial integrity of Nigeria?

In the private sector, the technique of flexible budgeting has been developed to set cost standard in the light of output achieved. For example, if Y is the cost allowed and X is the output achieved, a predictive model of cost with output may be given as:

Y = ₦5, 000 + 5x.

If output is 1000 units, then expected cost is ₦10,000. By the same token if one is given a budget of only ₦8,000, the output expected from the budget is 600.

The absence of output measure in the delivery of public goods means that such technique cannot be used in a typical government department. In the absence of such predictive model, there is no way (for example) that we can know precisely as above, the impact on crime rate of increases/decreases in police funding.

The failure to recognize the problem of output measurement was one of the reasons why Nigerian government had unrealistic expectation from Planning Programming and Budgeting System (PPBS) which it introduced in 1980 (Omolehinwa, 1989a).

This is why the former Adviser to the President on Budget Affairs, Akinyele (1981:19) claimed that:

> *"For the avoidance of doubt often expressed ... almost every cost can be measured in terms of output, every activity will respond to quantifiable measurement."*

If output cannot be determined how will "every cost be measured in terms of output?"

However, the problem of output measurement has not discouraged many countries from trying to develop some measures of performance that lay emphasis on outcome[6] rather than output. This is subject to the observation of Talbort et al (2000:4) that what:

> *"governments say they are doing on performance measurement is not always the same as what has actually been implemented."*

PART 3
Accounting for Little Dividends from Oil Wealth

There are many reasons for the little dividends we have received from our oil wealth. Among these are:

(i) Poor costing of government projects leading to subsequent cost revisions.
(ii) High cost of government projects when compared to other countries.
(iii) Arbitrary award of contracts without due regard to budgetary appropriation.
(iv) Abuse of payment of mobilization fees.

3.1 Poor Costing of Projects

A major problem facing us as a nation is the poor costing of government projects arising from government failure to obtain the relevant information from the various stake holders that would have had restraining effect on decisions concerning the size, nature and superstructure of government projects. The various government ministries took advantage of this government weakness to deliberately under-estimate the true costs of projects just to get them approved and later to ask for the costs of projects to be revised upwards. This was particularly the case in the era of ***money is not our problem but how to spend it*** in the 1970s when in the financial years 1971/72,1973/74 and1974/75 actual revenue of federal government as a percentage of total government expenditure was 111%,115% and 138% respectively (Omolehinwa, 2001).

A recent example of this is the East-West Road in the Niger Delta Region of the country where the initial cost of N138 billion in 2006 was increased to N245 billion in 2011. The government blamed the designers of the initial project for failing to take "into account the difficult terrain of the region"[7] for the cost revision. If the government had sought the honest advice of professionals from outside government with no vested interest in the contract, right from the beginning they should have advised that the difficult terrain of the region had not been provided for.

The issue of cost revisions has always been part of our history. For the purpose of this lecture, I like to limit myself to what happened at the initial stage of our oil wealth in the 1970s up to 1982 when there was a diminution of oil wealth.

Table 3 shows the divergence between approved and revised capital budget estimates of some selected federal government projects during the period 1970-1980.

For an example, the total cost of the army barracks in the various divisions was projected at N48.5 million at the time the 1975-80 Development Plan was prepared. However, by 1975, the total cost has been revised upwards to N182million, an increase of more than 270%

over the original plan just as soon as the plan implementation started.

Table 3: Divergence between Approved and Revised Capital Budget Estimates of some Federal Government Projects

A: **From 1973/74 Budget Estimates**		**Original Estimates 1970/74 Plan Period ₦**	**Revised Estimated Costs For Plan Period by 1973 ₦**
1	Ife – Ilesha – Akure Road	3.000.000	20,968,000
2	Bama- Little Gombi Road	200,000	17,216,760
3	Lagos – Ibadan Expressway	8,560,000	44,434,000
4	Ilorin – Kabba – Oturkpo Road	5,546,000	22,716,000
B: From 1975/76 Budget Estimates		**Original Estimates 1975- 80 Plan Period ₦**	**Revised Estimated Costs by 1975 ₦**
1	Lagos – Ibadan Expressway	63,000,000	83,000,000
2	Petroleum Training Institute Warri (Building and Equipment	9,117,000	15,000,000
3	Kano – Kari Road (reconstruction)	2,500,000	16,900,000
4	Western Avenue – Agege Motor Road	14,000,000	26,000,000
5	Airports Consultancy Fees	1,600,000	22,000,000
6	Eko Bridge extension (Phase III)	1,000,000	9.600,000
7	Communication Satellite Station	3,970,000	14,000,000
8	National Theatre Building Complex	5,500,000	39,202,000
9	Army Barracks – 1st Infantry Division 2nd Infantry Division 3rd Infantry Division	16,017,760 15,550,000 16,954,720	60,000,000 59,000,000 68,000,000

Sources: *Federal Government of Nigeria Budget Estimates 1973/74, pp 322-32 1975/76, pp 410-444*

While it may be true that the revised estimated costs might have been partly due to increases in anticipated scope of government activities as a result of political pressure, it can be argued that if we had done our homework properly, there could not have been any rational justification for the increase in Airports Consultancy Fees from ₦1.6 million to ₦22 million especially as the increase of more than 12 times of the original plan came in the first year of the plan period.

It was in the midst of the rising revised costs of the projects and at the request of the Federal Ministry of Finance that the Federal Executive Council (Cabinet) met in 1976 to prune costs and defer projects that were considered less essential to the Third National Development Plan. As the then Commissioner (Minister) of Finance, Ekukinam (1980:18) later disclosed:

> *"it was that exercise that actually raised the capital expenditure plan from ₦30 billion to ₦43 billion. It was interesting to watch how the council was inexorably pursuing the opposite of what it intended just because every executive ministry was able to defend and argue for the crucial importance of its projects and to convincingly plead inflation to justify increased allocations. It did appear as though council deliberations were not being controlled by those around the table in the council room".*

This revision upward in the 1975-80 National Development Plan occurred even though the plan had originally stated its initial estimates were the maximum feasible given absorptive capacity constraints[8].

3.2 High Costs of Government Projects

Table 4 shows the unit cost of irrigation scheme in Nigeria in comparison with the three West African Countries during the period 1977-78.

Table 4: The Unit Costs of Irrigation Scheme in Nigeria and Three West African Countries as at 1977-78

Country	Irrigation Cost per Hectare ₦
Liberia	250
Ivory Coast	500
Ghana	1,068
Nigeria	2,470

Source: Nigerian Society of Engineers Memo to Federal Government Contract Bureau Committee in 1980

Table 4 clearly demonstrates that Nigeria had the highest unit cost which was nearly 10 times the figure for Liberia. Table 5 is on the unit costs of Building and Civil Engineering Projects in Nigeria in comparison with Algeria and Kenya in 1979.

Table 5: Unit Costs of Building and Civil Engineering Projects in Nigeria in Comparison With Algeria and Kenya in 1979

	Nigeria ₦	Algeria ₦	Kenya ₦
Residential Building per square metre	350	313	132
Multi storey Office Block per square metre	450	N/A	207
Single carriage way road (2 lanes) per km	294,000	149,000	105,553
Dual carriage way road (4 lanes) per km	800,000 to 1,200,000	597,015	278,961

Source: *Documents submitted to Federal Government Contract Review Projects in Nigeria in 1980*

Again, the unit costs of building and civil engineering projects in Nigeria were higher than in Algeria and Kenya as at 1979.

3.3 Arbitrary Award of Contracts without due regards to Budgetary Appropriations

One of the cases of awards of contracts without due regard to budgetary appropriation was the case of importation of cement by the Ministry of Defence between 1974 and 1976. The importation led to the widely reported port congestion in Lagos in 1975 which in turn delayed or suspended implementation of even more government activities.

By the end of September 1975, the Ministry of Defence alone had paid out N17.31 million (then $27.54 million) to ship owners as demurrage.[9] This development led to the setting up of a government enquiry in 1976. Some of the relevant issues that emerged from the report of the tribunal of inquiry are:

(a.) The Government (as a whole) was "kept in the dark" as to the quantity of cement the Ministry was ordering. One of the terms of reference of the commission was to find out the circumstances under which it became necessary for the Ministry to order six million metric tons of cement per annum from overseas sources on repayment to its building and civil engineering contractors. It was in fact the tribunal that brought it to the notice of the Government that the Ministry had awarded contracts for the importation of 16.23 million metric tons (and not six million metric tons) in a period of six months between December 3, 1974 and June 2, 1975.[10] This was in spite of the fact that by the Ministry's estimate, its annual need was only 2.90 million metric tons.[11]

(b.) As there was no provision for the importation in the budget, the resulting expenditure already paid to the contractors was accommodated by debiting 3rd Infantry Division Barracks accommodation accounts under Capital Expenditure of Ministry of Defence.[12]

(c.) Ignoring the fact that the wrong account was debited, the total provision for the two financial years 1974/75 and 1975/76 for the said barrack account was N55 million (then $87.5 million).[13] By the end of June 1975, with nine months to go in the financial year 1975/76, a total sum of $145,396,279.61 (₦91,351,043) had already been paid to cement contractors out of a total commitment of $847,776,000 (₦532,649,260).[14] This was outside the payments the contractors handling the barracks construction had already received.

(d.) None of the 69 cement contracts amounting to $919,416,000 (₦577,600,000) was awarded by the Ministry's Tenders Board.[15] The basis for choosing the contractors was described as that which:

> *"makes a mockery of the standard expected of arm of Government negotiating contracts of such magnitude. It resembles an all comers market where orthodoxy is thrown to the winds"*[16]

3.4 Abuse of Payments of Mobilization Fees

In addition to the problem of high costs of government projects is the payment of mobilization fees (interest free financial assistance) by government to contractors. The 1981 Ministerial Committee on Review of Government Contracts had recommended a payment of mobilization fee of not more than 15% of the contract value. However, the government took a decision to pay 20% of the contract value as mobilization fee even before the report was published under the disguise of developing "virile indigenous construction industry". The payment of mobilization fees rather than helping in lowering project costs or facilitating project implementation was the beginning of what the Onosode Committee (1984:120) called:

"a craze to start new projects and award new contracts instead of pursuing ongoing ones to completion".

Some of these contractors were alleged to have absconded after the collection of the mobilization fees with the result that the contracts had to be re-awarded with further payment of mobilization fees (Omolehinwa, 1988).

That the emphasis on award of contracts, rather than completing the ongoing projects, still persists in government is reflected in the June 2011 report of the Federal Government's Committee on Abandoned Projects.[17] According to the Committee, ₦7.78 trillion is required to complete 11,889 Federal Government capital projects in the country. This amount represents more than 8 times of the actual amount spent on Federal Government Capital Projects in 2010 (Omolehinwa and Naiyeju, 2011).

The cumulative effect of the identified four factors and other factors including corruption can be appreciated by comparing the per capita income of Nigeria in 1973 (just before the oil wealth of 1974 onwards) and that of 1982 (immediately after the oil boom) as reflected in Table 6. In spite of the fact that between 1974 and 1981, Nigeria earned about $111 billion from export, the capita income in 1982 of $824 was less than that of 1973 i.e. $875. This means that during the period, the oil wealth did not improve per capita income of the country. This differs from the observed pattern in the combined figures for OPEC countries where 1982 per capita income of $1466 was an increase of 40% on the 1973 figure.

Table 6: Per Capita Income of Nigeria Compared with OPEC Countries For 1973 and 1982 (at 1980 Market Prices in US Dollars)

	Nigeria $	OPEC Countries $
1973	875	1,044
1982	824	1,466

Source: *IMF International Financial Statistics Supplement on Output Statistics, 1984 pp 18 -19*

These four issues are part of the problems that the Public Procurement Act 2007 is supposed to address. The Act has as its focus the need to ensure transparency, probity, accountability, competitiveness, efficiency and effectiveness in federal government procurement of works, goods and services.

Unfortunately, more than four years after the Act came into existence, the National Council on Public Procurement that is supposed to ensure that the objectives of the Act are achieved has not been set up. The 12-man National Council on Public Procurement established by Section 1 of the Procurement Act is meant to be headed by a Finance Minister and to have five other appointees of the President, i.e., the Attorney General and Minister of Justice, Secretary to the Government of the Federation, the Head of Service of the Federation, the Economic Adviser to the President and Director-General of Bureau of Public Procurement (who is supposed to be recommended to the President for appointment by the Council). The other six members who are to be on part-time basis are supposed to represent six key stakeholders which are Nigerian Society of Engineers, the Nigeria Institute of Purchasing and Supply Management, Civil Society, Nigeria Association of

Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) and the media.

The non-setting up of the council means that only those in government have been involved directly with the regulations of government contracts. The other stakeholders have therefore been denied their valuable contribution especially in the areas of project design, costing and legality of government action .The National Council on Public Procurement should therefore be established without further delay in order to assure Nigerians that the cost of every government contract is such that guarantees value for money and that what the government gets from the contract is of comparable best value.

PART 4

4.1 What Public Accountability is About

Accountability means different things to different people. To Lee (2011:11) accountability is:

> *"a benchmark of good governance that finds evidence in the conjoint occurrence of three outcomes: transparency in the relationship between principals and agents, a sense of obligation among agents to be responsive to their principals and the power for principals to punish ... their agents if they do not do so".*

To the Auditor-General of Canada (1997:2)

> *"Accountability is an obligation to answer for the execution of one's assigned responsibilities."*

Responsibility is the obligation to act while accountability is the obligation to answer for responsibilities (Mc Candless, 2002). Marshaw (2006) identified some things that need to be specified in any accountability relationship. They include:

i. Who is liable or accountable to whom?
ii. What they are liable to be called to account for;
iii. Through what processes accountability is to be assured;
iv. The standard to judge accountability behaviour;
v. What the potential effects are of findings that those standards have been breached.

However, while having this initial discussion of accountability in mind, the accountability that this lecture is primarily concerned with is that given by the Sharman Committee (2000:6) that views accountability as:

> *"the requirement to provide explanations about the stewardship of public money and how this money has been used."*

According to the Committee, the important way the Central government accountability (in Britain) has been secured is through ministerial accountability to Parliament through statements, debates and answers to oral questions on the floor of Parliament, appearances before committees and answers to written questions. A component part of this accountability is external audit, which is the process by which the adequacy of the explanations given in the financial statements is assessed and reported upon by an independent party. Accountability as viewed by Stewart (1984) comprises of two distinct components; the rendering of accounts and holding to account. It is by rendering of accounts that the information about the behaviour of a public organization can be obtained. However, it must be pointed out that rendering of accounts is not enough to promote accountability; the accounts rendered must be prepared in a simple language that the reader can understand, otherwise the reports will be useless for the purpose of decision-making. The holding to account of public officials involves the exercise of judgement and power over them. Public accountability can be achieved only if those who receive the accounts have the power and ability to take actions on the basis of those accounts. To Owasanoye (1999), accountability is not just about the responsibility of public officers and the institutions to the people they purport to serve but also includes a willingness on the part of the office holder to submit to scrutiny appropriate to the office he is holding.

It should therefore be clear that at the centre of accountability, is the flow of information from government to the citizens that can convince them of the necessity of public contribution and the uses the contribution has been put. Without the flow of accurate and relevant information from government, the citizens will find it difficult to hold the government to account by imposing sanctions for wrong doing.

We should therefore expect that when a government has something to hide, public reporting is more likely to be infrequent, unreliable and less comprehensive in order to hide material facts. This is the reason why citizens in many countries are calling for what Schmuhl (2000) calls "Sunshine" laws to ensure that public business is conducted in public and not behind closed doors. Examples of such law are the Freedom of Information Act of 1997 in Ireland which gives the citizens the statutory right of access to official information (Emberton, 1997) and Nigeria Freedom of Information Act, 2011.

4.2 The Conditions that Facilitate the Promotion of Public Accountability

In addition to the two conditions given by Stewart (1984) of rendering of accounts and holding to account

discussed earlier in the lecture, the following conditions will also facilitate the promotion of public accountability:

i. Existence of democratic institutions that allow for changes in leadership through free and fair elections that will not overburden the participants financially. It will be wishful thinking to assume that public accountability will automatically be enhanced by a civilian government replacing a military government. As long as we have a leadership where the executives can *settle* the legislators coupled with the ability to rig or annul elections thereby undermining the sovereignty of our people, public accountability is not going to be enhanced in our country.

ii. The presence of leadership that genuinely believes in the notion of public accountability and will therefore see to the enforcement of laws to safeguard public fund irrespective of the official involved. If we have leadership that defines the beneficiaries of use of public office on the bases of affectivity, self-orientation and particularism, we should expect such leadership to be more unwilling to submit themselves to public scrutiny. The more successful the leadership can be in resisting public scrutiny, the more likely that public fund will be clandestinely disbursed. In that case the more likely the roles of Accountants and Auditors as guardians of public purse will be rendered nugatory since the leadership will have no incentive to take corrective actions to safeguard public funds.

iii. Public accountability needs the presence of active and independent investigative media that is knowledgeable in the area of government accounting. This is to ensure that our leaders are kept on their toes as a result of fundamental accountability issues that are thrown open for public discussion from time to time.

iv. Public accountability will be enhanced if the generality of the populace do not believe that embezzlement of public funds is part of the *political syllabus* that the political leaders must cover while in office. If embezzlement is tolerated, especially if part of the proceeds can be passed down to the electorates, some of them may not see anything wrong with stealing public funds and may therefore continue to vote for their own *right* candidates.

v. If we do not want people to tolerate embezzlement of the public funds, then the issue of poverty through poverty reduction targeted government expenditures must be addressed. The hungry and unemployed persons that rely on political leaders for survival are likely to view accountability of political leaders as ability to provide for their needs irrespective of the source of the money.

4.3 Accountability in the Western World

The initial thrust of parliamentary control over the crown which dated back to the Magna Carta of 1215 was not how the Crown spent public funds but rather that taxation by the Crown required parliamentary consent. Control over public expenditure arose later as a by-product of the concern for the protection of the tax payers (Burkhead, 1956).

According to the UK National Audit Office (2001), although the UK Parliament has been responsible for raising revenues and authorizing expenditure for centuries, its scrutiny of public spending was weak. It was at the time when Williams Gladstone was the Chancellor of Exchequer that the first major steps were taken to

ensure proper accountability to Parliament. Part of the steps taken by Gladstone to reform public finance and parliamentary accountability was the establishment of Public Accounts Committee (PAC) of the House of Commons in 1861. This was followed by the Exchequer and Audit Department Act of 1867 which among others required all departments for the first time to produce small accounts known as appropriation accounts and establish the position of Comptroller and Auditor-General. According to Lord Sharman's Report (2001), the Gladstone's reform laid the foundation of Parliament's scrutiny of public money. This involves the voting of money to government by Parliament that expects the government to put in place arrangement to safeguard public money. The responsibility for looking at the details of how public money is spent in Britain was assigned to the Public Accounts Committee (PAC) by the British Parliament.

The major historical function of the budget in both government and the private sector was that of setting of limits for expenses or expenditures (or the controlling of expenses or expenditures) within those limits (Perrin, 1958). In government, the principal means of doing this is through the "line item" budgeting where each government department is given a ceiling as to how much it can spend on specific items like personnel cost, travels and equipment. The focus of control is to ensure that the departments do not spend more than what is budgeted for each item while at that same time the departments give detailed account of the use of resources. Thus the budget was viewed as the principal means of securing accountability and control over the use of public funds.

> *"The importance of the budget for accountability was that it provided ...standards by which to judge the annual accounts... Accountability became a comparison of the account submitted at the end of the*

cycle with the budget laws made at the beginning, a check of performance against authorization." (Normanton, 1966:6).

The basic aim of accountability as described above was to ensure that the authorized budgetary votes were not exceeded and are utilized only for purposes specified by Parliament. As a result of this, the government accounting practice that evolved focused on cash receipts and disbursements on the basis of budgetary headings to reveal the balances available at a given time under various heads and sub-heads of votes and to facilitate auditing.

The problem with this concept of accountability is that its focus is on whether spending votes are exceeded or not without questioning whether the amounts paid for services and goods are reasonable or not. Thus, this type of accountability cannot provide answer to a question like what did the tax payers receive for the money spent.
It is this limitation of accountability that shifted attention from compliance to performance-based accountability. Government Performance and Results Act of 1993 called GPRA in USA and performance "contract" in form of Public Service Agreement in Britain reinforced by Resource Accounting and Budgeting (RAB) are attempts at laying emphasis on performance-based accountability in government. Under both methods, the government is expected to indicate targets/outcomes which are supposed to be the commitment of government to their citizens on what to expect for the use of public funds. Through the annual reports by the government departments, the public and the legislative arm of government can judge whether or not public funds are well spent or not.

However, what should be of interest to us as far as my topic is concerned is that the government in each of the two countries (USA and Britain) was able to:

i) render proper accounts promptly on cash basis before embarking or trying to embark on accrual basis;
ii) implement a budget that was a good guide to actual spending before trying to upgrade the use of budgeting to promote efficiency in the public service;
iii) promote fiscal accountability before embracing performance accountability.

PART 5
Main Features of Government Accounting in Nigeria from 1960 to 1999

5.1 Federal Government Accounts were not prepared as at when due

Before the intervention of the military in 1966, the Balewa government that took over from the British government in 1960 rendered accounts of its stewardship by publishing the accounts of federal government as at when due (Omolehinwa, 2001). This was later to change due to military intervention. For example, between 1980 and 1994, it took the Accountant-General on the average, three times the time allowed (seven months) by law to submit his accounts to the Auditor-General (Omolehinwa, 2001). By the end of 2000, the accounts of the last five years of military rulers were not available.

The delay in rendering accounts of Federal government finance is blamed on the failure of the Ministries in submitting their monthly transcripts to the Accountant-General. In the words of the 1999 Accountant-General:
"In the past dispensation, people were just interested in awarding contracts, making payments and not interested

in recording and filing of transcripts to the Accountant-General"[18].

The nature of complaints by the various Accountants-General about the unwillingness of the ministries to render accounts to the Accountant-General are well documented in Olusemo (1993), Argungu (1996) and Naiyeju (1999) in the relevant Treasury circulars.[19]

5.2 The audited accounts available were not reliable

Not only were the accounts of government not prepared on timely basis in the past but also the ones available cannot be regarded as reliable. This is because of conflicting figures given by various government agencies especially the Office of Accountant-General of the Federation and Central Bank of Nigeria (Omolehinwa 2001). The recent controversy about the amount that was spent on fuel subsidy in 2011 in which different government agencies gave different figures is a reminder that this problem still persists. The unreliability of the figures is further reinforced by the way government revenues and expenditures were classified. A very good example of this is the treatment of miscellaneous revenue. According to the published **audited accounts** of the various years, 1982 to 1988, **miscellaneous revenue as a percentage of total federal government ranged from 77.3% in 1986 to 98.4% in 1988. On the aggregate, miscellaneous revenue was said to have accounted for 90.1% of total federal government revenue between 1982 and 1988** (Omolehinwa, 2001). What is clear is that something must be wrong here which the Auditor-General should have detected and acted upon but was not done.

5.3 Actions were hardly taken on Matters Arising from Audited Reports

The military intervention had meant suspension of democratic institutions. This therefore raises the question as to who does a military government render accounts to? In the absence of Parliament, the military government set up what it called Public Accounts Committee (PAC) made up of distinguished Nigerians from outside the civil service to perform similar functions normally assigned to Public Accounts Committee of a house of parliament. However, the government ensured that people like Awojobi (1982) that were critical of the government especially in the area of public fund and had their own ideas about where our oil money went were never invited to serve on the Committee.

The establishment of Public Accounts Committee was just a case of what Riggs (1964) referred to as formalism in administration which is characterized by discrepancies between what is formally prescribed and what is effectively practised and between norms and realities. The Committee (PAC) existed more in theory than in practice as it met infrequently and the reports of the Committee were not acted upon by the government. The audit queries by the Auditor-General were ignored by the Ministries and when the Permanent Secretaries (the Accounting Officers responsible for answering audit queries) were summoned before the PAC most of them found one excuse or another to be absent. For example, the representative of the Permanent Secretary, Ministry of Finance, whose ministry was then in-charge of co-ordinating the work of the PAC disclosed to the Committee (PAC) that:

> *"My Permanent Secretary regrets that he could not personally attend this morning because he is with the Head of State trying to resolve some matters on the*

additional money which the Auditor-General will later on start to query."[20]

In September 1974, at the time of writing the report of the Udoji Public Service Review Committee, the Udoji Committee had noted that although the Auditor-General's audit reports were ready up to March 1970, the report of the PAC was up to only March 1967. The infrequent meetings of the PAC continued throughout the military era that terminated in 1979.

It was only on the eve of the return of the civil rule in October 1979 that someone "remembered" to summon the PAC to perform its rituals on the audit reports of the financial years from 1969/70 to 1973/74. In the words of the Committee:

"The Public Accounts Committee sat from Monday 28th May 1979 to Wednesday 11th July 1979 and examined the audited accounts of Federal Government for the years ended 31st March 1970, 1971, 1972, 1973 and 1974"[21]

From the above quotation, it is crystal clear that there was considerable delay between the occurrence of an event and its subsequent investigation by the Committee since some of the events under investigation dated back to more than nine years. Such delay should be expected to make proper investigation difficult as some of the involved parties might have died or left the government service and even if they were still there some of the required documents might have been misplaced.

It is also important to note that while the Committee was concentrating on distant past years; its attention was diverted from the current matters requiring investigation. It was therefore not a surprise that during the civilian rule from October 1979 to December 1983, the focus of PAC

of each House of National Assembly was on the accounts of the military regime and not on the civilian administration. The PAC could not have done anything on the accounts of civilian government of 1st October 1979 to 31st December 1983 because the accounts of the relevant years were not ready. Table 7 shows the dates the Accountant-General submitted his reports to the Auditor-General in comparison with the deadline allowed by law during the relevant full financial years 1980 to 1983.

Table 7: The Actual Dates the Accountant-General Submitted His Reports to the Auditor-General in Comparison with the Deadline Allowed During the Period of Civilian Government 1980 – 1983

Financial Year	Date Reports Due to Auditor-General	Actual Date(s) of Report to Auditor-General	Period of Delay in Sending Report (to the Nearest Month)
1980	31-7-81	5/12/83	28 months
1981	31-7-82	Feb. 85	31 months
1982	31-7-83	18/10/85	27 months
1983	31-7-84	5/5/87	33 months

Source: *Omolehinwa (2001:P121)*

The delay in submitting the Accountant-General's statements to the Auditor-General ranged from 27 months to 33 months during this period. What is of interest from Table 7 for our purpose, is that although the civilian regime was responsible for the formulation and implementation of the budgets for 1980 to 1983, it was only the accounts of 1980 that were available to the Auditor-General as at the time the government was overthrown. Given that the Auditor-General is given three months to complete his audit work by the constitution, it means that the Auditor-General could not have completed his examination of the 1980 Accountant-General's statements by the time the military struck. This therefore means that the Public Accounts Committees of the two Houses of National Assembly (1979 to 1983) could not have debated anything on matters arising from the Auditor-General's reports on public funds during the period. Thus, the aspect of control the National Assembly exercised on public fund during the period was just to approve the budget and not how the money was spent. Thus even Normaton's basic aim of accountability was not achieved during the civilian rule (1979 to 1983) let alone performance-based accountability.

As Oshisami (1992) has pointed out, even the reports of PAC of the National Assembly on accounts of the military regimes from 1973/74 to 1978/79 were never tabled before the National Assembly.

5.4 The Effects of the Civil War on Government Accounting

The origin of the unwillingness of the government officials to subject themselves to scrutiny can be traced to the Nigerian Civil War 1967 to 1970, which created financial control problems in the country. In the words of the Permanent Secretary of Ministry of Defence:

> *"...the accounting system we did operate during and immediately after the war had been more than chaotic in the sense that if one takes into cognizance the strength of the Nigerian Army pre-civil war of only 10,000 people and compare it with the strength of 250,000 people post war... During and immediately after the war, the three services were faced with a lot of problems. They had to recruit a lot of personnel and some of them were not trained, with a view to ensuring that we won the war. Immediately after the war, the ministry tried as much as possible to set things upstream in motion to ensure... elements of sanity in our accounting processes but this really took quite a lot of time and that is why... over the years there were excess expenditures in the ministry... and we were not in a position to contain these excess expenditures until 1975.*[22]

An insight into the nature of the chaotic accounting system referred to in the above quotation is given by a senior army officer at the proceeding of the PAC:

> *"I will tell you the truth. It is no secret, in those days of the civil war, people were thumb-printing our payroll with toes and fingers. These were the things you might have heard of and they happened because by the time this money got to the front, the actual people to be paid had died...... In our accounting system, it is wrong for you to release cash to anybody to go and carry out any assignment. The war situation demanded otherwise. Nobody waited to go through the tender procedure. They were given cash to go and do whatever they wanted to do"*[23]

After the war, it became increasingly difficult to control spending in the Ministry of Defence leading to the over-commitment of public funds to the tune of $847.7 million on cement importation in 1975 as discussed earlier in the lecture. This was to spread to other government ministries especially as there were no serious sanctions imposed on government officials for violating government financial regulations.

Thus the imposition of sanctions for violations of government financial regulations was never internalized as part of budgetary norms in the country during this period under review.

PART 6
The Main Features of Government Accounting Since the Return to Civil Rule In 1999

6.1 Improvement in Government Reporting

There has been significant improvement in the timeliness and usefulness of the reports of the Accountant-General of the Federation (AGF) since the return of the civil rule in 1999. For example, the AGF was able to present the audited 2008 Federal Government financial statements and annual reports by 2009 on the website of the Office of Accountant-General of the Federation.

Since 2004, there has been consistency in the financial statements of the Federal Government. The nature of information currently provided by the Federal Government in its financial statements is contained in Appendix A.

There are four statements which are: cash flow, assets and liabilities, consolidated revenue fund and capital development fund. There are also comprehensive set of notes to assist in understanding the notes.

The factors that brought about the positive change in government financial reporting include the use of standardized reporting format for the three tiers of government, the requirements of Fiscal Responsibility Act and the use of Automated Accounting Transaction Recording Reporting System (ATRRS). These are documented in Omolehinwa and Naiyeju (2011).

6.2 In Spite of Improvement in Government Financial Reporting there are Still Some Challenges

Scanty disclosure of the uses of Public Funds

The information provided to the public on the uses of public fund is still scanty and hence less useful to the public. This partly explains why Nigeria is rated lowly for budget transparency by the International Budget Partnership. In the 2010 rating, Nigeria scored 18 out of 100 which is less than the average score of 42 for the 94 countries surveyed.

6.3 The Existence of Some Special Government Funds that are not Accounted For

There exist some special funds which the government called "Intervention Funds". These are supposed to facilitate the speedy development of specific sectors of the country. Table 8 shows a list of some of these funds. Among them are natural resources development fund, ecological fund, stabilization fund and federal capital development fund which altogether account for 4.18% of the total amount in the federation account. Since all the 36 state governments receive only 26.72% of the amount in the federation account, it means that the sum of these four special funds is more than what 5 states receive on the average from the federation account.

Irrespective of the justification of keeping these special accounts, the truth of the matter is that the accounts are excluded from the mainstream of the National budget. To that extent, the keeping of such accounts away from the budget is a breach of the important norms of transparency and accountability. The keeping of these accounts outside the preview of the budget is a fertile ground for possible abuses by the operators. Moreover, the operation of these accounts behind the screen often breeds suspicion about the good intention of such policies among the federating units.

As at now, the only information available to the public on these funds is through Note 2 to Accountant-General's Financial Statement. The information, if it is provided at all is on the opening and closing balances on each account. This means that the reader of the note cannot determine the revenue that came into each account in a particular year let alone how much was spent, for what purpose or which state or zone of the country benefited from such spending. (Omolehinwa & Naiyeju, 2011).

Table 8: Special Funds of Government not Accounted For

S/NO	NAME OF FUND	SOURCES OF FUNDING
I	Natural Resources Development Fund	1.68% of Federation Account
ii	Federal Capital Territory Development Fund	1% of Federation Account
iii	Ecological Fund	1% of Federation Account
iv	Stabilization Fund	0.5% of Federation Account
v	Education Trust Fund (ETF)	2% tax on the assessable profit of all companies registered in Nigeria
vi	Port Development Levy	7% of FOB value of import
vii	Sugar Development Levy	5% of value of sugar import
viii	Rice Development Levy	10% of value of rice import into Nigeria
ix	Comprehensive Import Supervision Charge	1% of FOB value of import
x	ECOWAS Trade Liberalization Scheme (ETLS)	0.5% tax on all products imported from non-ECOWAS Countries
xi	Nigeria Export Supervision Scheme (NESS)	0.5% FOB of non-oil export
xii	Bilateral Air Service Agreement (BASA) Fund	All funds accruing as a result of air service agreement entered into by Nigeria
xiii	Federal Government Signature Bonus Account	Fees and charges collected by Department of Petroleum Resources from companies prospecting for oil in Nigeria before a final mining concession is granted.

6.4 No Evidence to the Public of Actions Taken by the Government on Matters Arising from Auditor-General's Reports

There is no evidence to the public of actions taken by either the executive arm of government or the legislative arm on matters arising from the reports of the Auditor-General. For example, Emenyonu (2007) drew attention to the January 2003 Auditor-General's report on financial irregularities on most audited institutions and federal bodies. These irregularities included over-invoicing, payments for jobs not done, contract inflation, lack of receipts to back up purchases and release of money without the approving authority's involvement. Given the anti-corruption posture of the Obasanjo's regime, Emenyonu expected concrete sanctions to be meted to those agencies and their employees that are involved. Up till today, Nigerians are still waiting for government's actions.

6.5 No Provisions for Penalties for Breaches of Fiscal Responsibility Act

In spite of the fact that the Fiscal Responsibility Act is a landmark legislation aimed at installing the best practices in our public financial management in our country, there is still a major problem. It is the failure of the Act to make any provision for the penalty to be imposed for the breach of any part of the Act. Although Section 39 of the Act provides that "any violation of the requirements of Sections 36, 37 and 38 shall be an offence" it did not indicate the penalties for non-compliance.

As Van Gunsteren (1976) has argued, for any rule to be effective as an instrument of control, it should make sense in terms of "ongoing forms of life". As indicated in the lecture, one of the "ongoing forms of life " in Nigeria or established custom before the enactment of the Act was lack of effective sanctions for breaches of government financial regulations. The FRA therefore failed to address this fundamental established custom which the government should address without further delay.

However, for the government to have the moral right to do this, it must first of all show good example by obeying the law. For example, for the purpose of implementing an existing budget, Section 35(5) of the Fiscal Responsibility Act specifically states that no money can be withdrawn from the Excess Crude Account (ECA) unless the reference commodity price falls below the pre-determined level for a period of three consecutive months .In addition, the amount that can be withdrawn is limited to the amount that will bring the government revenue to the level contained in the budget. As the Fiscal Responsibility Commission (2011:5) has observed " there were several withdrawals from the account in 2010 even though the market price of oil did not fall below the oil bench mark of $67 per barrel and the projected production of 2.39 million barrels per day(mpd).The ECA which had a credit balance of $20 billion in 2007 was drawn down to about $400 million in 2010"

6.6 The Implication of the President Not Having To Present His Budget Early Enough To National Assembly

Section 8 (I) of the 1999 Constitution stipulates that

> *"The President shall cause to be prepared and laid before each House of the National Assembly at any time in each financial year estimates of the revenues and expenditure of the federation for the next following financial year".*

The provision that allows the President to present his budget "at any time" before the commencement of the

financial year differs from what operates in the United States of America. The United States President is required to present his budget (for the fiscal year that commences 1st October) to the Congress:

> *"on or after the first Monday in January but not later than the first Monday in February of each year."*[24]

This means that the US Congress has about eight months to deliberate and conclude discussion on the President's budget proposals before the commencement of the financial year.

The current arrangement where the President can present his budget at "any time" before the commencement of the financial year which our President took advantage of by presenting the 2012 budget to the National Assembly only on13th December 2011 has been affecting capital budget implementation. The members of the National Assembly need enough time to collect accurate and reliable information to do a proper analysis of the budget proposals. This is in addition to the inputs from the various interest groups which should assist the legislators in the decision-making process along the line suggested by Onimode (1999) and the requirement of the Fiscal Responsibility Act for the participation of the people in the determination of government priorities. Such important inputs should go a long way in reducing the need for supplementary appropriation bills as soon as the appropriation bill is sent to the National Assembly. The needs to meet the above conditions and the frequent disagreements between the Presidency and National Assembly have ensured that the budgets are not approved on time. For example,out of a total of N1280.71 billion approved for capital projects in 2009, N253.55 billion (representing 19.8 % of the total) was approved only in December 2009, the month the budget year was supposed to have ended (Omolehinwa, 2010 and Omolehinwa and Naiyeju,2011). As a result of this, the end of the budget year for capital budget implementation is now extended to 31st March of the following year. In spite of this extension, only N935.61 billion was utilized out of the N1.76 trillion approved for capital projects in 2010 (Okogu,2011). There is therefore the urgent need for the President to be given time frame within which to submit his budget to the National Assembly.

6.7 Nigeria Has Not Fully Embraced Cash Basis of Accounting Before Wanting to Introduce Accrual Basis of Accounting

Nigeria is planning to introduce accrual basis of accounting through the adoption of accrual basis of International Public Sector Accounting Standard (IPSAS). It is hoped that by so doing the government can address some of the weaknesses of cash basis of accounting amongst which are:

i. Without full and complete information about the liabilities, contingencies and commitments, government and other users of government, financial reports cannot make any realistic assessment of government's financial position. As a result of this, government cannot effectively assess both the impact of past decisions on the current financial position and the impact of current decisions on future financial position of government.

ii. By not capitalizing fixed assets at the time of acquisition, no subsequent account is taken as to whether the fixed asset is still in use, has reached the end of the useful life or has been sold. In addition, since any fixed asset is written off in the year of purchase, its cost is not spread over its useful life through annual depreciation charges.

iii. By not charging depreciation and cost of capital, the true cost of running a particular government programme is under-stated. This in turn does not allow for cost comparison with alternative public service providers.((IFAC, 1998 & 2000).

The assumption is that the cash basis of accounting is already fully in place. For instance, in his introduction to the 2008 Annual Report and Financial Statements, the Accountant-General claimed that:

"The accounts have been prepared on cash basis of accounting and in compliance with the requirements of the International Public Sector Accounting Standards (IPSAS), Financial reporting under cash basis of accounting".

Contrary to the above position, Nigeria like any other African country has not fully embraced cash basis IPSAS. This is because not all the requirements of the standard have been complied with. IPSAS cash standard 1.1.4 specially stipulates that:

"Financial statements should not be described as complying with this standard (cash basis IPSAS) unless they comply with all the requirements of Part 1 of the standard"

One of the requirements still to be met is the production of consolidated statements for all controlled entities like NNPC, NPA and CBN.

The International Public Sector Accounting Standards Board (IPSASB) is under no illusion that the cash basis IPSAS has been fully embraced in different countries. This is why a task force was set up in November 2008 with the primary objective of identifying any major difficulties that public sector entities in developing economies have encountered in implementing the cash basis IPSAS and determine whether it should be modified or if further guidance should be provided in the light of these difficulties.

6.8 Experience with the Use of Accrual Accounting in the Western World Suggests that the Nigerian Government does not need Accrual Basis of Accounting

The use of accrual accounting in government in the United Kingdom and New Zealand is documented in Pallot (2001), Wynne (2003 and 2008) and Omolehinwa (2004). As at 2008, only 10 out of nearly 200 countries in the world were involved with accrual accounting and none of this is from Africa (Wynne, 2008). Out of this number, only five, Australia, Canada, New Zealand, United Kingdom and USA had fully adopted accrual accounting and were applying accounting standards that were broadly consistent with IPSAS requirements (IPSASB; 2008).

The literature on accrual accounting suggests that little benefits have been achieved by introducing full accrual accounting in these countries. To Wynne (2008), the only benefit of accrual accounting in the UK appears to be the provision of relevant information to the Ministries which enables them to identify and sell assets (mainly buildings) which are no longer needed. Wynne (2008) also reported that the members of the UK Parliament are complaining about the complexity of government financial reporting based on accrual accounting. This is because even their members with financial or business experience find the information provided difficult to understand. This has raised speculation as reflected in a House of Common Report of 2008 as to whether **the accrual accounting system was not designed to make it impossible to**

hold government and ministries to account (Wynne, 2008).

One clear message from the countries that have tried to use accrual accounting in government is that accrual basis of accounting has made understanding of financial statements more difficult for the users. The more difficult it is for the users to understand the statements the less useful the reports become and hence irrelevant for decision-making. Nigerian government is therefore advised not to invest its resources on accrual basis of accounting as it is not worth the trouble by the various stakeholders especially the politicians and the public [25]

PART 7

7.1 The future of government financial reporting in Nigeria

While it is a good idea to think globally in the area of government financial reporting, Nigeria must not lose focus in acting locally to address local challenges. While the country wants to join the rest of the world in embracing International Public Sector Accounting Standards (IPSAS), the IPSAS itself is to be fundamentally reviewed partly because it has not been fully implemented by any single country. While waiting for IPSAS that is perceived as not working to be reviewed, Nigeria should review the 2004 Federation Account Allocation Committee (FAAC) guidelines on Financial Reporting to reflect the experience gained since the guidelines were set. In reviewing the guidelines, attention should be paid on information disclosure that will address some fundamental problems in Nigeria that are not necessarily of concern to every other country. An example is the issue of alleged marginalization by government in resource allocation by every part of the country leading to political tension. Does the government really discriminate against any part of the country in resource allocation?

The Financial Reporting System should provide answer to this vexed question by coming up with the relevant information on government spending according to states and geo-political zones. Such report should not just be on aggregate government spending alone but also on each ministry or government programme where necessary.

Another major area of concern is the relatively low percentage of government spending on capital projects amidst deteriorating infrastructure in the country. The accounting information should be able to disclose areas that can be considered as waste or non-priority which in turn should provide a framework for the public or government to do what is right. For example, the British or American government does not need information on how much the government spends to train its staff outside the country since virtually all the trainings are provided within the country.

However, we need such information since the relatively high government officials are often sent abroad for one course or the other. With such information, government may be in a better position to decide whether the foreign experts should be brought to Nigeria to provide such training locally and how much to pay them. In Nigeria, there has also been a very serious concern over the high cost of governance. The accounting information system should provide adequate and relevant information on the various cost components of maintaining a minister, a legislator, an adviser, etc. Such information should help in taking a decision on the number of officials to have and whether some of the officials should work part-time or on full-time basis. This is of course based on the assumption

that the political leaders want to take decision on the basis of economic rationality rather than political rationality.

Finally, the financial reports should be as simple as possible so that any educated person reading them can understand the message conveyed by such reports. In cases where some items in the reports are not clear there should be mechanisms put in place on the websites of the Accountant General of the Federal (AGF) and Ministry of Finance for such issues to be raised and answers provided to the general public. Examples of issues that such mechanism can address using 2008 Financial Reports are:

i. "Net Increase/Decrease in below the line items N728 billion" in 2008 (Fourth to the last line on Cash Flow Statement, P ii) What is the meaning of this N778 billion?
ii. "Adjustments for Public Debts Transferred to Assets and Liabilities Accounts" of N2,432 billion in 2008 (Third to the last line on Assets and Liabilities Statement P. 15).

Again what exactly does this represent? [26]

7.2 The Future of Public Accountability in Nigeria

The future of public accountability in Nigeria will have to take into consideration the two related themes of this lecture:

i. When a government has something to hide, public reporting is more likely to be infrequent, unreliable and less comprehensive in order to hide material facts.
ii. If we have leadership that defines the beneficiaries of use of public office on the basis of affectivity, self-orientation and particularism, we should expect such leadership to be more unwilling to submit

themselves to public scrutiny. The more successful the leadership can be in resisting public scrutiny, the more likely that public fund will be clandestinely disbursed. In that case, the more likely the roles of Accountants and Auditors as guardians of public purse will be rendered nugatory since the leadership will have no incentive to take corrective actions to safeguard public funds.

It therefore follows that if we want people's money to be properly accounted for, we must put in place measures that will constantly subject government officials to public scrutiny so that at the end of the day it will be **inconvenient** for them to spend our money anyhow. **This is why I am calling on our President to extend the good luck that he has been bringing to Jonathan to the Federal Republic of Nigeria by ensuring that our public institutions are moved from the realms of lawlessness in the area of public fund to the realm of sanity and compliance with the laws during his tenure. The starting point is for him to obey the law that requires him to set up the 12-man National Council on Public Procurement with 6 part-time members from outside government.** This is to enable the part-timers help in reducing the effect of information asymmetry which some government officials can use to mislead the government into taking decisions that will benefit them at the expense of the country. I believe that if the right patriotic people with the relevant experience are chosen and allowed to do their jobs, this will be the beginning of the end of excessive high costs of government projects in Nigeria. In addition, the involvement of people from outside the government in government contracts should also be extended to the Ministerial Tenders Boards in the same proportion as envisaged in the National Council on Public Procurement.

At a later date, the possibility of upgrading these outsiders to the status of Non-Executive Directors should also be considered. However, they should perform only similar oversight functions of non-Executive Directors of public quoted companies and report directly to the National Assembly on behalf of the Nigerian people.

However, the direct involvement of people outside government in the award of government contracts is not sufficient to promote public accountability. We therefore need to do more. One of the things we can do is to lift the veil of incorporation of private companies that bid for government contracts. This means that when companies that are not quoted on the Nigerian Stock Exchange tender for government contracts, they should be made to disclose their shareholders or the information should be sought directly from the Corporate Affairs Commission. This is to enable those awarding the contracts to know those who have vested interest in such contracts. As mentioned earlier in the lecture, many contractors that collected mobilization fees were alleged to have abandoned their contracts without performing equivalent work of the mobilization fees. Such contracts were re-awarded with further payments of mobilization fees. How are we sure that the companies that took the government money and did nothing are not owned by the same government officials that awarded the contracts? How are we sure that when such contracts are cancelled, they are not awarded to other companies owned by the same officials or their relatives? The way out is to lift the veil of incorporation for public probity.

More Prominent Roles for the Press

The constitution should be amended to give more prominent roles to Nigerian Press in the promotion of public accountability. For example Section 85(5) of the constitution should be amended to make it mandatory for the Auditor-General to hand-over to the Press copies of the Auditor-General's reports sent to the National Assembly via the Public Accounts Committee of each House. In addition it should be mandatory for the Auditor-General to address the Press on quarterly basis on the important audit queries given during the relevant quarter and the replies to such queries. This approach is recommended because of the belief that Nigerians hate to have their names linked with financial mismanagement in the Press. The mere fact that any misappropriation of public funds will be given adequate publicity will act as a moral check on all public officials.

The Press in turn should work in collaboration with civil societies, which should establish Public Service Accountability Monitor similar to the one in South Africa.[27] (Omolehinwa, 2005).

Legal Capacity to Enforce the Provisions of Fiscal Responsibility Act (FRA)

I would like to seize the opportunity of this lecture to draw attention to the **legal accountability weapon** provided by Section 51 of the FRA. The section empowers any interested Nigerian or body to go to the Federal High Court to enforce the provision of the Act **without having to show any special or particular interest.** A very good example where the provision of the Act can be enforced is a loan given by a Bank to a government official purportedly on behalf of the Nigerian people. If it can be established that the loan was given without meeting the conditions for granting loans to government, then a Nigerian citizen or body can approach the court to declare the loan as illegal which means that the government is not under any obligation to repay the loan. The vibrant Centre for Social Justice led by Eze

Onyekpere has already written to the Managing Directors of Nigerian banks in this regard as contained in the Centre for Social Justice (2009) and Omolehinwa and Naiyeju (2011).

How Enhanced Accountability Can be Used to Resolve the Fuel Subsidy Debate

Let me now come to the role that enhanced public accountability can play in the oil subsidy debate. The oil subsidy controversy can be compared to that of a Lagos housewife who prefers to be using her monthly food allowance to buy readymade food for her family from Sheraton or Eko Hotel ostensibly because her cooking appliances at home are not working well. The inefficiency in her food supply methodology is bound to create friction at home if she asks her husband to make up for her so called food subsidy. As an important oil producing nation, we have no business in importing refined oil for our domestic consumption because of its attendant waste of resources which the citizens are unwilling to pay for. The government must therefore come up with the best but transparent option that can guarantee the sustained refining in Nigeria of our domestic petrol needs. **In my opinion, this best option is for the government to leave efficient oil refining in Nigeria to those who can do it at competitive prices similar to what we have in the telecommunications industry.**

However, it is not just the issue of inefficiency that we need to address but also the price at which the domestic refineries should purchase crude oil from government. To the extent that the government prepares its budget on the basis of bench mark of oil price and not the prevailing or expected international oil price, the crude oil for domestic consumption should be charged on the same basis. If eventually the actual international price of oil is higher than the benchmark, this translates to more revenue for the government notwithstanding the provision for sovereign wealth fund. Since more revenue is accruing to the government, our citizens that receive neither international incomes nor international services from our government should not be asked to make more sacrifice beyond paying for crude oil supplied to our local refineries at the budget benchmark.

However, the production of our domestic needs locally, after meeting the conditions already discussed does not mean that we should not pay more for petrol but the purpose will not be for what is said to be subsidy. It will be for the purpose of specific community-based projects which will assist the government in tackling our infrastructural problems in the country. **However, this time, it will not be business as usual as we must raise the accountability bar for the use of such money to a level not less than that for any community-based projects financed through self help.**

It is hereby suggested that we should embark on government induced self-help projects to be financed by petroleum consumption tax. **The tax which should be paid at the point where the fuel is purchased should for a start be for the purposes of repairing roads and providing subsidized public transportation by the three tiers of government.**

For a start, we can increase the fuel price per litre by ₦15. Out of this amount ₦5 should go to Federal Government, ₦5 to the state where the petrol station is situated and the last ₦5 to the local government corresponding to the location of the petrol station. The share of Federal government in each state should be used to repair the federal roads in the relevant geo-

political zone of the country. The normal annual appropriations should be used to assist any area where there is resource gap.

In order to allay the fears of the citizens that the money collected will not be used efficiently for the purposes stated, we need to enhance accountability for the fund by bringing in tested and trusted individuals outside government. They should be representatives of various stakeholders including the professional bodies, civil societies, traditional institutions, transport workers and representatives of Resident Associations who should work hand-in-hand with selected relevant government officials. The body managing each fund whether at the local government level, state level or at federal level will have to give quarterly reports of the money collected and what it is used for.

The petroleum consumption tax is recommended because the states and local governments are not having enough financial support from their citizens. This is evident, for example, from the revenue dependence of the states on federally collected revenue. According to Omolehinwa and Naiyeju (2011), using the available data from Central Bank, between 2000 and 2009, the extent of revenue dependence by the States and Federal Capital Territory on Federal Government revenue sources was 87.1%. This means that the states could not even generate up to 13% of their revenues internally. This is why the Petroleum Consumption Tax should be introduced as nobody or organization can dodge the payment irrespective of whether the source of money is legitimate or illegitimate.

This arrangement is fair for at least four reasons:

i. Every vehicle owner is compulsorily required to support not only the maintenance of the roads he/she normally uses but also the less-privileged members of the society that do not have their own vehicles and must therefore rely on public transportation.
ii. It is not only those who ply the roads with toll gates that will pay to support government road maintenance but everybody.
iii. The need for areas with more vehicular traffic to have more funds for road repairs is taken care of in the sharing formula while allowing the government to use the annual budget to subsidize any area that does not have enough money for road repairs or public transport.
iv. Those who use petrol for other purposes other than driving vehicles on the road can at least have access to their offices and homes if the roads are maintained as at when due from the proceeds of the tax.

Building Government Institutions Based on Trust and Probity

If Nigeria is to depart from its history of alleged cases of corruption of public officials, in order to build institutions based on trust, probity and a spirit of public service and guardianship, the government has got to think more about motivation in the public service along the line suggested by Akintola-Bello (1977). How can the public officials be motivated so that their advancements of self-interests can approximate the advancements of public interests.

One way is through the full implementation of the current monetization policy, but on enhanced fringe benefits as advocated by Omolehinwa (1980, 1989b).

Let nobody be deceived that by merely calling these people "Public Servants" will make them put public interest before theirs if the overall government control system does not give adequate recognition to their welfare needs, they can easily be compromised. While it is a good idea to expect them to be patriotic, we must not forget that patriotism is not yet a legal tender in the country.

MY CONTRIBUTIONS TO SCHOLARSHIP, ACCOUNTING AND SOCIETY

Although I have published in different areas of accounting, my primary focus is on Public Sector Accounting. What I regard as my most important contribution to knowledge at the global level is the advancement of the Theory of Repetitive Budgeting. By examining government budgeting in Nigeria, Kenya and Ghana, during economic boom and bust cycles and working in collaboration with Emery Roe of University of California, we were able to identify three types of repetitive budgeting in 1989:

i. Repetitive budgeting for the purposes of greater budget control;
ii. Repetitive budgeting without budget control; and
iii. Repetitive budgeting unrelated to budget control.

Apart from journal articles on Public Sector Accounting published in the USA, United Kingdom and Nigeria, a book on *Government Budgeting in Nigeria* came on board in 2001. Ten years later (2011) another book, *Theory and Practice of Government Accounting in Nigeria* co-authored with the former Accountant-General of the Federation, Mr. J. K. Naiyeju emerged on the scene. The book was written to ensure that the knowledge being passed to students and other stakeholders on government accounting in Nigeria is not obsolete as a result of many changes in government accounting in the last ten years. This is why **Financial Control Under 2007 Fiscal Responsibility Act, Nigerian Federal Government Procurements under Public Procurement Act 2007** and the details of **Nigeria Sovereign Wealth Fund** as provided by Nigeria Sovereign Investment Authority Act 2011 are brought into focus for public debate.

At the earlier stage of my career, *Fundamentals of Cost Accounting* emerged as the first indigenous book on Cost Accounting in Nigeria in 1985. This later developed into *Coping with Cost Accounting* which has been the standard cost accounting textbook for Nigerian students.

Mr. Vice-Chancellor Sir, I must disclose at this lecture, that the shortage of staff in my department and the large number of students we had to cater for in our Faculty, our MBA programme and our Distance Learning Institute (then COSIT) definitely affected my academic work. There was a time I was teaching an average of more than four hours per day and marking more than one thousand scripts per semester in order to sustain the system. This was in addition to supervising the manual compilation of the results of more than 2,000 COSIT students in my department then. The difficulties we had in recruiting lecturers and replacing the departing ones is reflected in the fact that apart from myself, all the full-time lecturers that we have today in the nearly 50-year old Department of Accounting are those that came in after 1997.

Mr. Vice-Chancellor Sir, despite these challenges, I never for one day thought about abandoning my job as it was **my own decision to use my education for human development of my fatherland, Nigeria**. Today, I am grateful to God for making it possible for me to have contributed to the education of more than 10,000 graduates of this University. Among them are four former State Governors, a former Vice-Chancellor of a State University, two Deans at University of Lagos, Prof. Toyin Ogundipe and Prof. Ben Oghojafor, current Executive Chairman of the Federal Inland Revenue Service, Federal Permanent Secretaries and Managing Directors of Banks and other companies and several renowned Chartered Accountants.

In line with the spirit of transparency which this lecture is all about, I must also disclose that among these my former students are seven Omolehinwas; my brother and two of his daughters who are all Chartered Accountants and my four biological children.

ACKNOWLEDGEMENTS

Mr. Vice-Chancellor Sir, I have come to the stage where I must thank those who in one way or the other contributed to my career. First and foremost is God Almighty for not only making it possible for me to attend three top Universities; Lagos, Columbia and Manchester in three different continents but also for protecting my life so far.

Next is my late education loving daddy who worked extra hard not only to minimize the effect of the loss of my mummy early in my life but also to ensure that I was educated in the right way so that I can leave behind a legacy of unquestionable integrity in any position I find myself.

I wish to thank my Principals at King's College the late Rex Akpofure and R. S. Agiobu Kemmer. I am also grateful to my King's College teachers such as Messrs Tayo Sofoluwe, Efekedo, Adekunle and Odumewu that God used to change my career destiny. I wish to express my gratitude to my teachers in the three Universities attended by me especially Professors M. A. Adeyemo, B. O. Ogundele, Funso Akingbade, Charles Bastable, John Burton and Tony Berry, my Ph.D. supervisor. I must add that both Professors Ogundele and Akingbade later religiously mentored me when I became their colleagues at the University of Lagos. Today, I am happy to say that I am a worthy disciple of these two Professors.

I also wish to thank the following Professors who were my colleagues in the Faculty. First and foremost is the late R. S. O. Wallace who gave me a personal car loan to ensure that I remained in the University of Lagos. Prof. Wole Adewunmi who volunteered to teach my courses in addition to his own so that the University could release

me to go on study leave for my Ph.D. Others are Professors Green Nwankwo, Kunle Iyanda, J. A. T. Ojo and J. A. Bello who were all my former Deans. I also wish to thank the following other Professors for their contribution. They are Naomi Caiden, Jelili Omotola, Oye Ibidapo Obe, Tolu Odugbemi,I.Oladapo, Aderibigbe, I.A. Adalemo, Adeogun, Tolu Odukoya, E. O. Bandele, Segun and Femi Ayadi, Akin Oyebode, S. A. Adekola, Union Edebiri, Laide Abass, Malo Akinnusi, K. S. Adeyemi, Kayode Soremekun, Funso Akere, Kola Kusemiju, J Akintola-Arikawe, E. Uvieghara, T.O. Olowokure, Segun Awonusi, Dele Olowokudejo, J. A. Adepoju, Duro Ajeyalemi, S. Tomori, Joe Umoh, I.O. Ashaolu, F. A. Fajemirokun, Modupe Ogunlesi, Soga Sofola, S. A. Balogun, E. O. Fagbamiye and Nnamdi Asika.

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I wish to thank my former class mates and school mates at King's College Lagos for their constant support. I appreciate my former students that have been providing rock solid support to me. I am also very grateful to **ALL** my wonderful colleagues in Faculty of Business Administration for their support especially at the time I was the Dean.

My appreciation will not be complete without reference to my current work-in-progress (students) in the Faculty of Business Administration. I appreciate you all. May God convince some of you to come and take over this job from my generation.

Finally, it is the turn of my Minister of Home Affairs, Mrs. Olufemi Omolabake Omolehinwa. It is an eloquent testimony to her support that by God's design this inaugural lecture is coming on her birthday. Thank you and happy birthday. I must also thank the families of Lijofi and Ogunbamerun for giving me this worthy wife. I am also grateful to my children Olugbenga (a Chartered Accountant) and his lovely wife (Temitope nee Odukoya; a Dentist), Bamidele (a Chartered Accountant with background in Finance), Olufemi (a Chartered Accountant who recently obtained her M.Sc. in International Business) and Korede (B.Sc. Accounting, who is also aspiring to be a Chartered Accountant).

I wish to thank everyone who has come here today to honour me and to listen to my lecture. May God help us to find accelerated solutions to the elongating problems of our country.

END NOTES

1. Olu Falae, *Daily Times,* September 14, 1989
2. Abisoye; *Newswatch* October 21, 1984: 10-11
3. See for example the reports of *West Africa* of 9th January 1984.
4. See the report of *National Concord* of 6th January 1984.
5. The definition of corruption used for this lecture is, that of Transparency International in OECD (2008:23), "a behaviour on the part of officials in the public sector, whether politicians or civil servants in which they improperly and unlawfully enrich themselves or those close to them, by the misuse of public power entrusted to them."
6. Outcome measure is concerned with the comparison of the results of a programme activity with its intended purpose. This is to determine the impact of government policies on social conditions focused upon by government.
7. For more on this, see Nigerian newspapers of 10th August 2011
8. Federal Republic of Nigeria Third National Development Plan 1975-1980 ,p366
9. Report of the Tribunal of inquiry into both the importation of cement by the Ministry of Defence, Federal Government Printers. Lagos P.132. Demurrage as defined on P75 of the report is the expense the ship owner expected to be paid for detaining his ship beyond the agreed number of days as contracted for in catering or hiring a ship.
10. Ibid, P12
11. Ibid, P12
12. Ibid, P46
13. Ibid, P46
14. Ibid, P126
15. Although the total value of the contract awarded was $919,416,000 (then N 577,660,000) the inquiry regarded the total value of letters of credit amounting to $ 847,776,000 (the N 532,649,260) as the commitment.

16. Tribunal of Inquiry on Cement Importation , op cit P22
17. For more on this see the *Punch Editorial* of June 10, 2011 p.18
18. The *Guardian* October 3, 1999 P.2.
19. The Circulars are:
    (i) A2 & B2/1990 Reference No CA/319/11 of 18th May 1990
    (ii) A2 & B2/1993 Reference No 0AGF/PR & S/005/vol.11/277 of 23rd April 1993.
    (iii) A2 & B2/1994 Reference No OAGF/PRD/005/ Vol.III/350 of 29th August 1994.
    (iv) A5 & B5/1995 Reference No OAGF/FA/1462/ Vol.1/5 of 22nd August 1995.
    (v) A4 & B4/1996 Reference No OAGF/PRS/005/ III/413 of 20th August 1996
    (vi) A3 & B3/1999 Reference No OAGF/PRS/015/ Vol.II/819 of 3rd March, 1999.
20. First report on Public Accounts Committee 1979 session. Federal Ministry of Information, Lagos. P 816
21. Ibid; P iii
22. Ibid, P682
23. Ibid, PP 686-687
24. USA: Office of Management and Budget (OMB)Circular No A-11 2000, p7
25. The comments of Andy Wynne in private correspondence in this area are hereby acknowledged.
26. Thanks to Andy Wynne for drawing my attention to this.
27. For more on how the Monitor collects information on the management of public resources and the handling of misconduct and corruption cases by government departments in South Africa visit www.psam.ru.ac.za

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APPENDIX A

The Summary of Information Contained In Federal Government of Nigeria Financial Statements, 2008

S/No.

1. Responsibility for the Financial Statements.
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Source: *2008 Annual Report of the Accountant General*

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