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Ethiopia: Billions Improperly Accounted for in Auditor General's Report

By Brook Abdu

The audit found a high incidence of inappropriate expenditure, improper purchases, payments and uncollected revenue

The Federal Main Auditor has found that billions of Birr have been spent inappropriately or have remained uncollected, citing this as a recurring challenge to the governmental organisations and institutions in the country.

Its report, which was presented to Parliament on Tuesday June 2, 2015 for the fiscal year 2013/14, came to this conclusion after having assessed the Financial Appropriateness Audit, Performance Audit and Protection of Basic Services in 133 federal governmental organisations.

The amount of money that remained uncollected by the Ethiopian Revenues & Customs Authority and its nine branches and other 12 government organisations, was found to be 1,039 billion Br while the money spent without proper documentation amounted to 368 million Br in 29 governmental organisations. The audit found that 53.4 million Br had been paid without following the legal procedure in 47 organisations and three branches.

The report urged proper implementation of the laws of the country, especially in the payment and purchasing processes.

Major culprits for inappropriate expenditure were Jimma University, 20.3 million Br; Bahir Dar University, 7.2 million Br; Dilla University, 6.9 million Br; Hawassa University, 3.9 million Br; Arba Minch University, 3.4 million Br; Wolaita University, 3.3 million Br, and Wachamo University, 3.2 million Br.

This money was spent on overtime payments, students' and workers' per diems and payments to officials.

"But the recurring problems that are seen year after year could have been solved and indicate the need for more attention for the issue," stressed Gemechu Dubiso, auditor general, in his report to Parliament.

The audit report also found out that in 63 organisations and three branches, there were purchases amounting to 957.5 million Br that violated the purchase laws. The major slice of this went to the Ministry of Industry.

The Ministry spent 743.8 million Br on the construction of the Bole Lemi Industry Zone, which, according to Melaku Taye, corporate communications director at the Ministry, was all legally done.

"We had sent them the relevant documents on May 14, signed by the Minister (Ahmed Abitew), but they did not consider it," Melaku told Fortune.

The problem at the Ministry occurred because of the selection of 14 contractors and one consultant for the construction of the industry zone without tender or pro forma.

"There is no problem in the process of the procurement as it is done according to the law," Melaku argues. "The problem was that the Audit Bureau did not discuss with us after finalising the report."

The report shows the gaps, but enforcement is not for the Audit Bureau, Gemechu indicated.

"We notify the Federal Ethics & Anti-corruption Commission and the Prime Minister's Office for them to investigate and take measures," he said.

Although the problems are recurrent, there has been improvement in the past five years since Parliament, to which the Federal Main Auditor is accountable, started its term according to Teshome Eshetu, Government Expenditure Control Standing Committee chair at the Parliament.

The problem in universities is because of their engagement in both the academics and the administration. They give more emphasis to the academics and make errors in the administration of development works, Teshome reasoned.

"The administration in Universities needs to be given to other bodies and they have to be made to focus only on the academics," he suggested.

The Auditor General indicated that the performance of his office was 98.52, auditing 133 organisations out of the planned 135. This happened because of the human resource shortage in the office with high turnover and the lag in closing financial accounts.