FEDERAL REPUBLIC OF NIGERIA

OFFICE OF THE AUDITOR-GENERAL FOR THE FEDERATION

ANNUAL REPORT ON THE ACCOUNTS OF THE GOVERNMENT OF THE FEDERATION 2007.



Enhancing Transparency and Accountability in Public Spending

Annual Report of the Auditor-General for the Federation on the Accounts of the Government of the Federation of Nigeria for the year Ended 31st December 2007

15th May, 2009
C/AR.2007/CONF.VOL.1/7

The Clerk to National Assembly,
National Assembly Complex,
Maitama,
Abuja.

SUBMISSION OF ANNUAL REPORT OF THE AUDITOR-GENERAL FOR THE FEDERATION ON THE ACCOUNTS OF THE GOVERNMENT OF THE FEDERATION OF NIGERIA FOR THE YEAR ENDED 31ST DECEMBER, 2007

In accordance with Section 85(2) and (5) of the Constitution of the Federal Republic of Nigeria, 1999, I am pleased to submit to the National Assembly 2 (two) copies of my Annual Report on the Accounts of the Government of the Federation of Nigeria for the year ended 31st December, 2007.

(SIGNED)
O. R. EJENAVI
Auditor-General for the Federation

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AUDITOR-GENERAL'S OVERVIEW



TIMELY PRESENTATION OF SINGLE ANNUAL AUDIT REPORT

On assumption of Office in 2007 I was faced with many challenges, the most daunting of which was how to overcome the existing practice of issuing Annual Audit Report in two separate parts at different times in arrears and how to progress to a timely presentation of a single Annual Report. At the time I took office in acting capacity in June 2007, Part One Report on financial transactions of the Government of the Federation for the years 2004 and 2006 were outstanding. The Part Two Annual Report dealing with the audit of the Financial Statements prepared by the Accountant-General of the Federation for the years 2002 to 2006 were also outstanding.

Guided by the concern that Audit Report should be news not history and that Public Audit Report is most valuable when it is timely presented to enable lessons learnt therefrom to have positive impact on the following years operations, my main pre-occupation was therefore how to clear these arrears and prepare a single composite Report for year 2007 thereby leaving no Report in arrears at the point of my exit from service in May 2009. This was to pave way for subsequent presentation of timely Annual Reports to the

National Assembly. I am happy that with the co-operation and hard work of my staff, we have been able to achieve this goal. The 2007 Annual Audit Report on the accounts of the Federal Government of Nigeria is thus hereby presented as one single Report encompassing the Report on the Financial Statements and the one on the underlying Books and Records which hitherto used to be presented separately and at different times as Parts II and I respectively.

Several Audit Inspection Reports were issued to the various Ministries, Departments and Agencies (MDAs) in the course of the audit of the accounts of the year 2007, drawing the attention of the MDAs to observed breaches of Financial Regulations and other incidental laws and requesting for clarification. Advise was also given to the MDAs in the course of the audit, for correction of some observed infractions not significant enough to be included in the official Inspection Reports. By convention, we give the MDAs 30 days from the date of dispatch of the inspection Reports to respond to the queries contained therein. Annually we compile those observations, which were either not responded to by the MDAs or were unsatisfactorily responded to and forward them to the National Assembly as required by the Constitution in the Annual Report of the Auditor-General for the Federation. The 2007 Annual Report contains such observations.

Performance Audit

The level of compliance with financial regulations by MDAs is not yet very high. This is not a chearing news. It means that very much of our audit time is still being spent on Regularity Audit. This is evidenced by the high number of observations on financial audit being brought to the attention of the National Assembly annually and especially in this Report. Be that as it may, we have in our modernization drive, allocated reasonable time to Performance Audit from which we have brought some paragraphs to the attention of the National Assembly in this Report.

During the year, much attention and resources were committed to training our staff to beef up their capacity in the area of Performance Audit. The effort will be intensified in the following years as one of our challenges is to focus on those areas where our work can lead to significant difference in resource utilization and measurable benefits to the nation.

It is our expectation that in the long run, as MDAs continue to imbibe the culture of compliance with Financial Regulations, less and less audit time will be spent on financial auditing and Performance Audit will assume greater significance. It is this expectation that drives our capacity building efforts in this strand of our work.

We are in the process of issuing separate Performance Audit Reports on entities, which will be sent to the National Assembly as they are ready instead of the current practice of waiting till the year-end before bringing the observations from such exercises into the Annual Report.

Services To The National Assembly

By the provision of Section 85 of the 1999 Constitution regarding the reporting duty of the Auditor-General and the Constitutional duties of the Public Accounts Committees of both the Senate and House of Representatives, the Auditor-General is expected to report to the National Assembly through the Public Accounts Committees. In recent past, several Committees of both the Senate and the House of Representatives have inaudated the Auditor-General with very demanding requests sometimes almost overstretching our resources. This was accentuated by the various probe activities undertaken by the Committees. Apart from sending the aforementioned Annual Reports to the National Assembly, we worked actively with the various Committees especially the Public Accounts Committees of the two houses. We participated fully in the public hearings conducted by the Public Accounts Committees. We also in addition made presentations at the various open probe sessions carried out by some House and Senate Committees. I am happy to say that we were able to live up to expectation and will continue to meet our obligations to all Committees of the National Assembly as and when required.

Revenue Audit

One of the challenges facing the Office is broadening the Revenue Audit Function. Hitherto our audit of revenue was covering less than 30% of the Nation's revenue, comprising just the revenues accruing from the Customs and Excise and taxation generated by the Federal Inland Revenue Service. This glaring inadequacy informed my restructuring of the Revenue Audit Department, by, among others, creating an Oil and Gas Revenue Audit Division. This is to enable us audit the oil and gas revenue accruing to the Nation and hence be able to raise observations on their adequacy and completeness or otherwise.

Audit of the Federation Account

For many years this Office did not audit the Federation Account which gave rise to some misgivings and accusations in some sections of the Press that we were sharking our responsibility. Fortunately, we had commenced and completed the 2007 Federation Account audit before the accusations were made in the public domain. Significant observations made from the audit exercise were included in this 2007 Annual Report.

Upgrading of Treasury Audit Division

The Treasury Audit Division has the responsibility for the audit of the Treasury and the Financial Statements prepared by the Accountant-General of the Federation. It is thus the source of the Part 2 of our Annual Audit Report. The responsibility of the Division extends to the audit of other Special Accounts and Funds including the Federation Account. The Division is therefore a very important part of the Office. The situation on the ground at the time I assumed Office was abysmal. In addition to two years of Part 1 of the Annual Report, five (5) years of Part 2 of the Annual Reports were also in arrears, specifically from 2002 to 2006. Similarly, the Federation Account and other Special Funds have not been audited for

a number of years. This underscores the need to strengthen the Division to be able to meet these responsibilities. I immediately sought and got approval of the Head of Service of the Federation to upgrade the Division to a full fledged Department, apart from overhauling and strengthening the staffing. We are proud to say that the arrears have been cleared and the audit of the Federation Account etc have since commenced.

Training

Considerable training was undertaken during the year both at home and abroad. We recognize the assistance of the World Bank in financing some of the training programmes. Our training programmes focused on those areas of capacity building strategic to enhancement of the effectiveness of the Office especially those areas where special skills are required. One of such areas is oil and gas. Therefore, in our drive to ensure that all revenues accruable to the Government are received and accounted for, much attention is now being given to acquisition of skill in oil and gas audit, since the country depends predominantly on revenue from oil and gas. Other areas receiving much attention are Performance and Computer Audit training.

Head Office Building

Over the years successive Auditors-General for the Federation wrestled with the problem of having a befitting Head Office Building. The best ever achieved was procurement of land for building which had to be revoked by the Federal Capital Territory Administration for non-development. The problem ofcourse was perennial paltry budgetary allocation for the project. This problem became not only an operational handicap but also a serious embarrassment that the Office was operating from a very uncomfortable residential property which even attracted a fine of ₦5.4million per annum from the Abuja Metropolitan Management Council.

The National Assembly which all along expressed displeasure about the situation, intervened to ensure that a reasonable provision was made for the project in the 2009 budget after their earlier effort was aborted by the 2008 amendment budget that removed an earlier provision from the budget. Efforts are now in top gear to eliminate this major operational deficiency by erecting a befitting Head Office Building and hence restore the Office to its place among other Supreme Audit Institutions (SAIs) in the world. We are therefore delighted to put the picture of the model of the proposed building in this Annual Report.

International Audit Assignment

During the year 2007 the Office carried out the audit of the Nigeria-Niger Joint Commission.

Challenges

While the current tempo of financial audit should be sustained, there is need for Performance Audit to receive increased attention. Furthermore, one area which

needs to be added to our auditing portfolio is environmental Audit. Preparation for the relevant training should be undertaken while pursuing necessary legal enablement.

Before concluding this overview, I like to acknowledge with gratitude to God that in all modesty, my tenure due to end on the 18th of May 2009, though short, has witnessed significant achievements which have been made possible by the support and hard work of the entire staff of the Office.

During this period, we have lifted higher the standard and depth of auditing with significant impact on openness and accountability in utilization of resources and financial accountability. Staff morale has been enhanced with the conduct of all arrears of promotion exercises from 2005 to date completed, thereby restoring annual current year conduct of promotion exercises. Timely presentation of single Annual Audit Report has been restored, Audit Report is thus no longer history but news. Capacity development has been given due attention in strategic areas such as oil and gas auditing, performance auditing and use of computer audit software. We have in addition published for the first time an educating Audit Bulletin which will henceforth be published bi-annually.

Despite all these I will admit there is room for improvement as well as challenges to be met. The global economic development naturally comes with certain challenges which we cannot ignore, especially taking cognizance of Nigeria's journey to becoming one of the 20 largest economies in the world by year 2020. The Office will surely not fail the nation.

Onoriode Robert Ejenavi

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Onoriode Robert Ejenavi

REPORT OF THE AUDITOR-GENERAL FOR THE FEDERATION TO THE NATIONAL ASSEMBLY ON THE ACCOUNTS OF THE GOVERNMENT OF THE FEDERATION FOR THE YEAR ENDED 31ST DECEMBER, 2007

The Accounts of the Government of the Federation of Nigeria for the year ended 31st December, 2007, have been examined in accordance with Section 85(2) and (4) of the Constitution of the Federal Republic of Nigeria, 1999.

Responsibility For The Financial Statements

In accordance with the provisions of the Finance Control and Management Act, Cap F26 LFN 2004, the Accountant-General of the Federation is responsible for the preparation of the Financial Statements of the Federal Government of Nigeria. The Accountant-General has thus prepared and submitted to me for audit, the Financial Statements as reproduced at section 10 of my Domestic Report, in accordance with Section 24 of the Finance Control and Management Act LFN 2004 and section 85 (5) of the Constitution of the Federal Republic of Nigeria 1999.

Opinion

I have obtained all the information and explanations that I required and as a result of my audit, in my opinion, the accounting books and records were properly maintained so as to form the basis for the Statement of Assets and Liabilities, as at 31st December 2007 and the Consolidated Revenue Fund together with the supporting Statements for the year ended on that date. In my opinion the Financial Statements give a true and fair view of the state of affairs of the Government of the Federation as at 31st December, 2007 and of the financial transactions for the fiscal year ended on that date subject to the observations contained in my Domestic Report dated 15th May, 2009.

(SIGNED)
O. R. EJENAVI
Auditor-General for the Federation

Office of the Auditor-General for the Federation
Plot 849, Koforidua Street,
Wuse, Zone 2,
P. M. B. 128, Garki,
Abuja.
Nigeria.

15th May, 2009

DOMESTIC REPORT (OBSERVATIONS)

SECTION 1

INTRODUCTION

INTRODUCTION

1.1 The Report of the Auditor-General for the Federation has for many years been presented in two parts, 1 & 2. Part One conveyed observations made from the audit of the underlying accounting books and records of Ministries, Departments and Agencies (MDAs). Part Two on the other hand conveyed observations made from the audit of the Financial Statements of the Government of the Federation prepared and presented by the Accountant-General of the Federation. The split resulted from persistent late presentation of the Financial Statements which in turn was causing the Audit Report to be late. Spliting the Report therefore made it possible for Part one to be timely. However, the Office of the Accountant-General has in recent times made significant progress in ensuring timely presentation of the Statements. This has in turn made it possible for the Report of the Auditor-General for the Federation for this year to be combined and presented as one single Report for the first time in many years.

1.2 This Domestic Report is divided into 10 sections, including Introduction which forms section 1. The other Sections are as stated below.

Section 2: Financial Statements

1.3 This section contains observations mae in the course of the audit of the Financial Statements of the Government of the Federation which were presented in four Statements, Nos 1-4 together with Notes and Schedules as reproduced at Section 10 of this Report.

Section 3: Federation Account

1.4 Section 162(1) of the Constitution of the Federal Republic of Nigeria provides that the "Federation shall maintain a special account to be called the 'Federation Account' into which shall be paid all revenues collected by the Government of the Federation, except the proceds from the personal income tax of the personnel of the Armed Forces of the Federation, the Nigeria Police Force, the Ministry or Department of Government charged with responsibility of Foreign Affairs and the resisdents of the Federal Capital Territory, Abuja". The inflow into the Federation Account is shared monthly by the Federal, State and Local Governments. This section contains observations made in the course of the audit of this "Account".

Section 4: Losses of Cash, Stores, Plants, Vehicles and Equipment

1.5 This section deals with observations on losses of cash, stores etc arising from theft, fraud, negligence, death of government debtors, inadequate security and non observance of existing regulations.

1.6 This Report covers the following Ministries, Departments and Agencies (MDAs):-

(i) Nigeria Postal Services Headquarters, Abuja
(ii) Nigeria Postal Services, Kogi State Territory, Lokoja
(iii) National Sports Commission, Abuja
(iv) Nigeria Prisons Onitsha, Anambra State
(v) Nigeria Export Processing Zone Authority
(vi) Federal Ministry of Environment, Housing and Urban Development
(vii) Federal Ministry of Transport Headquarters, Abuja
(viii) National Emergency Management Agency
(ix) State House
(x) Upper Niger Basin Development Authority
(xi) Ministry of Police Affairs
(xii) Nigeria Police Force, Taraba State Command Headquarters, Jalingo
(xiii) Imo State Police Command
(xiv) Enugu State Police Command

Section 5: Ministries, Departments and Agencies

1.7 This Section contains observations raised on the Accounts of 21 Ministries and 12 Departments as follows:-

Ministries:

(i) Agriculture and Water Resources
(ii) Commerce and Industry
(iii) Culture, Tourism and National Orientation
(iv) Defence
(v) Education
(vi) Energy
(vii) Environment, Housing and Urban Development
(viii) Finance
(ix) Foreign Affairs
(x) Health
(xi) Information and Communications
(xii) Interior
(xiii) Inter-Governmental and Youth Development
(xiv) Justice
(xv) Labour and Productivity
(xvi) Mines and Steel
(xvii) Police Affairs
(xviii) Science and Technology
(xix) Solid Minerals Development
(xx) Transportation
(xxi) Women Affairs.

Departments:

xxii Federal Civil Service Commission
xxiii Federal Capital Territory Administration
xxiv Judiciary:-

- FCT Judicial Service Commission
- National Judicial Council
- Customary Court of Appeal, Abuja
- High Court of Justice, Abuja
- Supreme Court of Nigeria
- Court of Appeal, Abuja
- Federal Judicial Service Committee
- National Industrial Court

xxv Presidency:

- State House
- Office of Secretary to the Govt. of the Federation
- National Lottery Trust Fund
- National Economic Intelligence Committee
- Office of the Head of Civil Service of the Federation
- Federal Government Staff Housing Loans Board
- National Commission for Refugees
- National Population Commission
- Code of Conduct Bureau
- Code of Conduct Tribunal

xxvi Police Service Commission
xxvii Nigeria Police Force
xxviii Police Pension Office
xxix National Assembly Office Complex
xxx National Bureau of Statistics
xxxi National Sports Commission
xxxii Public Complaints Commission
xxxiii Office of the Surveyor-General of the Federation

Section 6: Performance (Value-For-Money) Audit

1.8 This Section contains observations arising from the audit of various government programmes and projects. The over-all audit objectives of the Value-For-Money Audit are to evaluate the legality, economy, efficiency and effectiveness with which Government Agencies carry out their financial, management and programme responsibilities, to assist the agency officials in carrying out their responsibilities by providing them with objective and timely information on how they can achieve better improvement in programmed activities. The Agencies covered in this section are:-

River Basin Development Authorities:-

(i) Upper Benue River Basin Development Authority, Yola
(ii) Lower Niger Basin Development Authority, Ilorin
(i) Anambra-Imo River Basin Development Authority, Owerri
(ii) Hadejia Jama'Are Basin Development Authority, Kano
(iii) Upper Niger Basin Development Authority, Minna
(iv) Cross River Basin Development Authority, Calabar
(v) Niger Delta River Basin Development Authority, Port Harcourt
(vi) Sokoto Rima Basin Development Authority, Sokoto
(vii) Federal Ministry of Health (Capital projects for 8 Teaching Hospitals)
(viii) National Primary Health Care Development Agency, (NPHCDA)
(ix) Nigeria Prisons Service
(x) University of technology, Minna, Niger State
(xi) Federal Government Girls' College, Bida
(xii) Federal Government Girls' College, New Bussa
(xiii) University of Uyo, Akwa Ibom State
(xiv) Federal Road Safety Commission (FRSC)
(xv) Federal Airports Authority of Nigeria (FAAN)
(xvi) Nigerian Civil Aviation Authority (NCAA)
(xvii) Supreme Court of Nigeria
(xviii) National Business and Technical Examination Board
(xix) National Youth Service Corps
(xx) National Emergency Management Agency (NEMA)
(xxi) Ecological Fund Office
(xxii) Federal Capital Territory Administration
(xxiii) University of Agriculture, Abeokuta
(xxiv) Federal Ministry of Justice Head Office, Abuja and
(xxv) National Health Insurance Scheme

Section 7: Periodic Checks of Extra-Ministerial Departments

1.9 This Section contains observations arising from the audit of various bodies in accordance with Section 85 (4) of the 1999 Constitution of the Federal Republic of Nigeria. The Report covers the following government statutory Corporations, Commissions, Authorities and Agencies, including all persons and bodies established by an Act of the National Assembly.

(i) Nigeria Press Council
(ii) Federal Medical Centre, Birnin Kudu, Jigawa State
(iii) Abubakar Tafawa Balewa University, Bauchi, Bauchi State
(iv) News Agency of Nigeria (NAN)
(v) National Primary Health Care Development Agency
(vi) University of Maiduguri Teaching Hospital, Maiduguri
(vii) National Universities Commission, Abuja (NUC)
(viii) Oil and Gas Free Zone Authority

(ix) Federal Housing Authority (FHA)
(x) Education Trust Fund (ETF)
(xi) Federal Airport Authority of Nigeria (FAAN)
(xii) National Open University (NOUN)
(xiii) National Information Technology Development Agency
(xix) Federal Medical Centre, Uyo, Akwa-Ibom State
(xv) National Hospital, Abuja
(xvi) Nigerian Meteorological Agency
(xvii) Bayero University, Kano, Kano State
(xviii) University of Uyo, Akwa Ibom State
(xix) University of Port-Harcourt, Rivers State
(xx) University of Abuja Teaching Hospital, Gwagwalada
(xxi) National Institute for Medical Research, Yaba
(xxii) Yaba College of Technology
(xxiii) Petroleum Technology Development Fund (PTDF)

Section 8: <u>Revenue Audit:</u>

1.10 This Section contains observations arising from the audit of main Government Revenue Collecting Agencies. The audit objectives are to ensure that there is timely collection of revenue to the Government; that the amounts due are actually accounted for in accordance with extant Financial Regulations. The Report covers the following Agencies:-

(i) Federal Inland Revenue Service
- Garki Integrated Tax Office
- Ikeja Integrated Tax Office
- Surulere Integrated Tax Office
- Wuse Integrated Tax Office, Abuja

(ii) Nigeria Customs Service
(iii) National Commission for Museums and Monuments
(iv) National Insurance Commission
(v) Federal Institute of Industrial Research, Oshodi, Lagos.

Section 9: Appendices

Section 10: Accountant-General's Financial Statements (Reproduced)

SECTION 2

FINANCIAL STATEMENTS

2.0 ANNUAL FINANCIAL STATEMENTS

SUBMISSION OF ACCOUNTS

2.1 The Financial Statements numbers 1 to 4 with Notes to the Accounts were first submitted by the Office of the Accountant-General of the Federation to my Office on the 18th November, 2008 and re-submitted on the 6th of May, 2009.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

2.2 The Statement of "Responsibility for the Financial Statements" expected to be provided by the Accountant-General of the Federation as part of the Statements to be submitted to me was omitted from the accounts submitted. The Accountant-General has been requested to produce the Responsibility Statement.

STATEMENT OF ASSETS AND LIABILITIES

2.3 During the audit examination of the Statement of Assets and Liabilities as at 31st December, 2007 (Statement No. 2.0), the following observations were made:-

LIABILITIES (PUBLIC FUNDS)

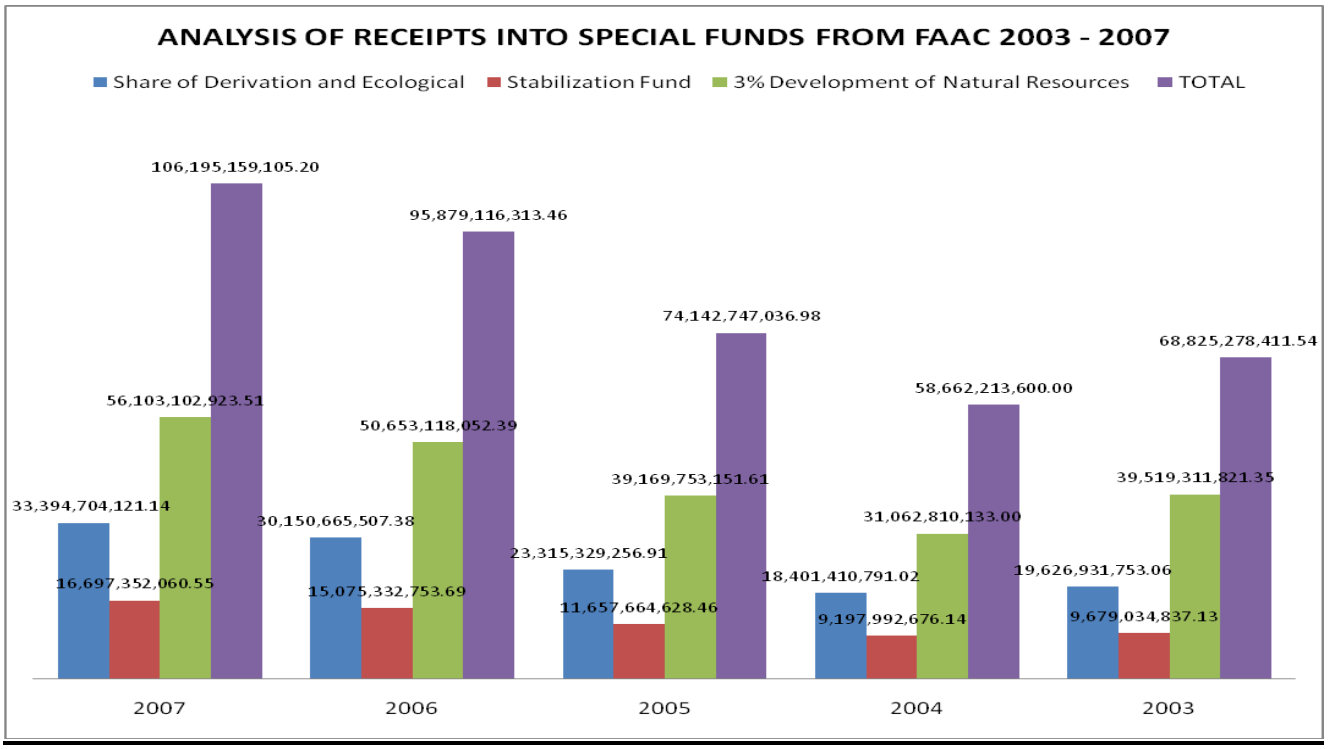
SPECIAL FUNDS

2.4 The Financial position of certain Special Funds such as Ecological Problems Fund, Statutory Stabilization, 3% Development of Natural Resources and 7% Port Levy among many others in the custody of the Office of the Accountant-General of the Federation, had never been specifically reflected in the Financial Statements, especially the Statement of Assets and Liabilities. Though the source of funding was traced to the Federation Account, it is material enough to be disclosed.

Below are the comparative figures for the 5 year period 2003 to 2007.

ANALYSIS OF RECEIPTS INTO SPECIAL FUNDS FROM FAAC 2003 – 2007

NATURE OF FUNDS	AMOUNTS RECEIVED				
	2007 ₦	2006 ₦	2005 ₦	2004 ₦	2003 ₦
Share of Derivation and Ecological	33,394,704,121.14	30,150,665,507.38	23,315,329,256.91	18,401,410,791.02	19,626,931,753.05
Stabilization Fund	16,697,352,060.55	15,075,332,753.69	11,657,664,628.46	9,197,992,676.14	9,679,034,837.11
3% Development of Natural Resources	56,103,102,923.51	50,653,118,052.39	39,169,753,151.61	31,062,810,133.00	39,519,311,821.34
TOTAL	**106,195,159,105.20**	**95,879,116,313.46**	**74,142,747,036.98**	**58,662,213,600.16**	**68,825,278,411.50**



ANALYSIS OF RECEIPTS INTO THE FUNDS FROM FEDERATION ACCOUNT IN 2007

2.5 The inflow into these Funds came directly from the Federal Government's share of the Federation Account during the year as follows:-

NATURE OF FUNDS	AMOUNT RECEIVED ₦
Share of Derivation and Ecology	33,394,704,121.14
Stabilization	16,697,352,060.55
3% Development of Natural Resources	56,103,102,923.51
TOTAL	**₦106,195,159,105.20**

The figure for each fund represents the total receipts from January to December, 2007. Thus, the total receipts into the three Funds during the year was **₦106,195,159,105.20.** As the receipts were not from the Consolidated Revenue Fund Account, it is important to make available the Statement of Affairs of each of the Funds and other Funds being managed by the Office of the Accountant-General of the Federation, showing the monthly receipts, their sources, the disbursements made therefrom and the balances available. It should also be noted that this issue had been subject of my reports for 2004 to 2006 with no positive response.

ECOLOGICAL PROBLEM FUND

2.6 This is one of the Special Funds in the custody of the Office of the Accountant-General of the Federation in respect of which Statement of Affairs at the end of each fiscal year has never been reflected in the annual financial statements and also never submitted for audit examination. The Accountant-General of the Federation has been requested to produce the relevant Bank Statements for the Fund for the period December, 2005 to 31st December, 2007 and also the Monthly Transcripts of Accounts for the Ecological Problem Fund for audit examination.

PETROLEUM TECHNOLOGY DEVELOPMENT FUND

2.7 The position of the Petroleum Technology Development Fund (PTDF) (Note 2 refers)is similar to the observations in respect of the Ecological Problem Fund raised above. The Statement of Affairs in respect of all other Accounts known to the Office of the Accountant-General of the Federation and/or managed by that Office on behalf of the Management of the PTDF should be disclosed. The **NIL** balance shown in the Statement as the true position of all the Accounts of PTDF is inadequate. Also the **NIL** balance which remained stagnant due to no movement in the Fund had been recurring over the years.

Consequently, the Accountant-General has been requested to produce relevant Bank Statements on all PTDF foreign accounts from December, 2006 to 31st December, 2007 for audit verification. Moreover, the Statement of Affairs on the PTDF Account together with relevant Monthly Transcripts of Accounts for the periods December, 2006 to 31st December, 2007 should be produced for audit verification.

POLICE REWARD FUND

2.8 The balance of ₦306,091,743.93 shown in the statement which remained stagnant due to no movement in the Fund was just a submission from the Police, as against proper preparation of the Statement of Affairs of the Fund which would have disclosed the true position of the operations of the Fund as at 31st December, 2007. While the Nigeria Police keeps a subsidiary ledger on which the detailed transactions on Police Reward Fund are recorded, the Office of the Accountant-General of the Federation should maintain a Control Ledger Account which should be reconciled at regular intervals with the Nigeria Police.

Consequently, the Accountant-General of the Federation should request the Nigeria Police to produce relevant Monthly Transcripts of Accounts for the Police Reward Fund for the period of twelve months ended 31st December, 2007 for audit verification.

REVOLVING FUND – PROTOTYPE HOUSING UNITS (FMW&H)

2.9 The balance of ₦67,821,110.00 shown in the Statement (Note 2) which remained stagnant due to no movement in the Fund was just a written submission of the Director of Finance and Accounts of the Federal Ministry of Housing and Urban Development, as against the actual preparation of proper statement of Affairs of the Fund which should have disclosed the true position of the operations of the Fund as at 31st December, 2007. In view of this, the Accountant-General of the Federation has been asked to liaise with the Ministry to submit all the accounting records from inception, including separate report of the establishment of the Fund. The report should also disclose the number of houses of each category built from the inception of the Fund, their locations, details of the revenue accruing into the Fund from the sale of the houses and other sources of the Revenue of the Fund. The beneficiaries of the sales from inception, defaulters and unit price of each category as well as the present position of each house should be disclosed. The accounting records relating to the operations of the Fund have never been audited, because the Office of the Accountant-General of the Federation maintained no such records in his Office. Also, Monthly Transcripts of Accounts which would have shown the summary of the transactions were not made available. Consequently, the movement of fund during the period under review could not be monitored.

2.10 In order to ascertain the correctness of the stated balance of ₦67,821,110.00 as at 31st December, 2007 there is need to examine the accounts of the Fund. In addition, the Statement of Affairs and Separate Monthly Transcripts of Accounts from December, 2006 to 31st December, 2007, should be produced and made available for audit examination. The Accountant-General has also been requested to furnish my Office with the relevant legal instrument which established the Fund.

STATEMENT OF PUBLIC DEBTS OF THE FEDERAL GOVERNMENT OF NIGERIA

2.11 During the audit examination of the summary of the Public Debts of the Federal Republic of Nigeria as at 31st December, 2007, it was confirmed that the public debt during the period under review was ₦2,595,883,625,648.16 as follows:-

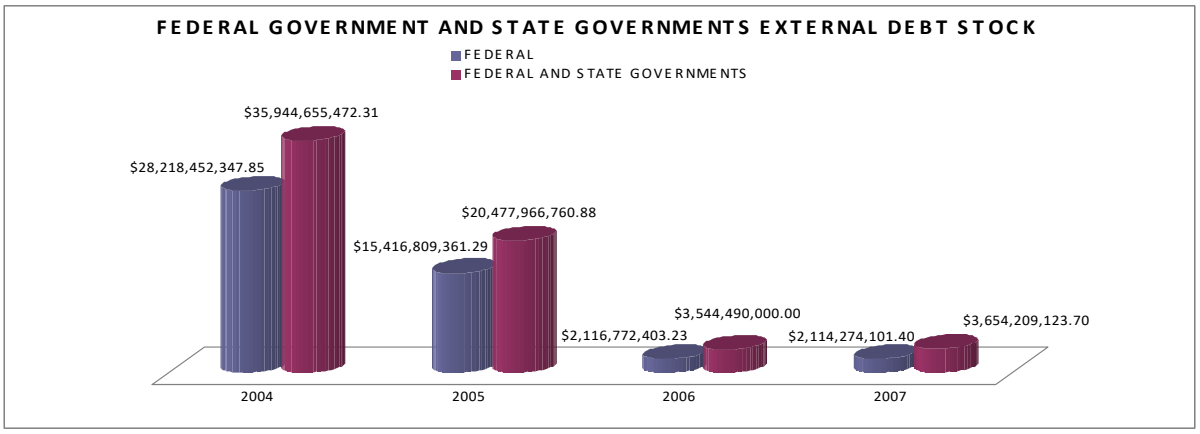
S/N	Particulars	Amount in USD	Naira Equivalent
i	External Debt Stock	3,654,209,123.70	426,811,625,648.16
ii	Internal Loans	00.00	2,169,072,000,000.00
	TOTAL		**2,595,883,625,648.16**

2.12 Out of the total External Debts Stock of ₦426,811,625,648.16 (i.e. US$3,654,209,123.70), the Federal Government's share was ₦246,947,215,043.52 (i.e. US$2,114,274,101.40). (See details in Appendices I, II &III).

FEDERAL GOVERNMENT AND STATE GOVERNMENTS EXTERNAL DEBT STOCK

2.13 Below are the comparative figures for 4 years of the above item.

	2004 $	2005 $	2006 $	2007 $
Federal	28,218,452,347.85	15,416,809,361.29	2,116,772,403.23	2,114,274,101.40
Federal and State Governments	35,944,655,472.31	20,477,966,760.88	3,544,490,000.00	3,654,209,123.70



STATEMENT OF LOANS AND INVESTMENTS

LOW RECOVERY RATE OF LOANS

2.14 Audit examination of the Statement and Amortization Schedule on a sample basis showed that many of the Companies and Agencies that were beneficiaries of loans from Federal Government of Nigeria failed to repay such loans as and when due contrary to the provisions in the Amortization Schedule. For instance, the Federal Housing Authority was granted the total sum of ₦7,291,336,930.09 in three tranches between 1997 and 2001. Although the agreement provided for a moratorium of two years only, neither the capital nor the accumulated interest has been paid as at 31st December, 2007.

2.15 As a result, the total sum of ₦7,291,336,930.09 was still outstanding as at 31st December, 2007. Yet, this Organization was involved in massive sale of houses from which it could have easily liquidated the loan if the Management

was desirous of doing so. This was one case out of many such defaulting Organizations shown in the Statement.

The Accountant-General of the Federation had been advised to urgently summon a meeting of all the affected organizations concerned, to work out repayment programme of the loans, including the accumulated interests.

COMPANIES WITH OUTSTANDING LOANS

2.16 Audit examination of records of the 23 (twenty three) companies listed hereunder revealed that there was no repayment of Loans and cummulative interests amounting to ₦59,541,499,080.00 during the year under review.

S/N	Companies	Principal	Cum. Interest	Total
		₦	₦	₦
i	National Iron Ore co.	1,529,720,542.00	1,785,785,581.00	3,315,506,123.00
ii	Delta Steel Rolling Co.	6,156,506,074.00	2,145,975,881.00	8,302,481,955.00
iii	NSPMC	1,511,665,373.00	1,740,380,022.00	3,252,045,395.00
iv	NERFUND	300,000,000.00	1,138,500,000.00	1,438,500,000.00
v	Peoples Bank of Nig	225,000,000.00	138,571,876.00	363,571,876.00
vi	NIDB	1,250,000,000.00	187,500,000.00	1,437,500,000.00
vii	Lafiagi Sugar Co.	286,475,499.00	248,308,849.00	534,784,348.00
viii	Ukpilla Cement. Co.	2,030,599.00	953,275.00	2,983,874.00
ix	Steyr Nig.Ltd	581,431,485.00	402,203,275.00	983,634,760.00
x	Peugeot Automobile Ltd	850,000,000.00	106,250,000.00	956,250,000.00
xi	Urban Dev. Bank	751,500,000.00	460,187,500.00	1,211,687,500.00
xii	Fed Housing Authority	7,291,336,930.00	1,096,183,863.00	8,387,520,793.00
xiii	Fed. Mortgage Bank	1,220,806,640.00	2,450,569,242.00	3,671,375,882.00
xiv	New Nig Newspaper	153,435,499.00	125,041,543.00	278,477,042.00
xv	Nig. Railway Corporation	2,593,301,985.00	4,023,516,765.00	6,616,818,750.00
xvi	Nig Airways Ltd	984,205,251.00	678,159,253.00	1,662,364,504.00
xvii	Fed. Airport Auth. of Nig	2,017,121,725.00	1,991,731,910.00	4,008,853,635.00
xviii	NITEL PLC	1,987,879,380.00	192,392,323.00	2,180,271,703.00
xix	Nig. Build. & Rd. Res. Inst.	42,933,333.00	29,785,000.00	72,718,333.00
xx	Nig. Coal Corp.	2,049,024,429.00	1,708,619,219.00	3,757,643,648.00
xxi	Nig. Mining Corp	1,720,406,851.00	951,487,329.00	2,671,894,180.00
xxii	NACRDB	3,240,055,516.00	1,123,863,336.00	4,363,918,852.00
xxiii	Nig. Uranium Co.	30,748,000.00	39,947,927.00	70,695,927.00
	Total	**36,775,585,111.00**	**22,765,913,969.00**	**59,541,499,080.00**

PRIVATISED COMPANIES WITH OUTSTANDING LOANS

2.17 It was observed from the Statement of Loans and Investment that a total sum of ₦61,452,489,611.00 was in respect of outstanding loans with cummulative interest in (14) fourteen privatised companies listed below. Also included among the privatized companies was NEPA without any evidence to show when and how the company was privatized.

(i) Some of the Companies were either no longer in existence or had changed ownership. Such organizations in this category include

Peoples Bank of Nigeria, African Continental Bank (ACB), and Nigeria National Shipping Line.

(ii) Some companies had already been privatized, while their new owners failed to take-over the loans as part of liabilities inherited.

N	Companies	Principal	Cum. Interest	Total
S/N		₦	₦	₦
i	Aluminum Smelter Co.	8,551,139,713.00	12,248,270,692.00	20,799,410,405.00
ii	Jos Steel Rolling Co.	505,506,844.00	394,969,266.00	900,476,110.00
iii	Katsina Steel Rolling Co.	395,523,086.00	334,585,069.00	730,108,155.00
iv	NEPA	7,326,398,821.00	15,929,064,865.00	23,255,463,686.00
v	Osogbo Steel Co. Ltd	595,389,094.00	291,093,430.00	886,482,524.00
vi	Calabar Cement Co.	10,800,000.00	5,345,000.00	16,145,000.00
vii	African Continental Bank	17,625,000.00	9,987,500.00	27,612,500.00
viii	Bricks Project	11,500,000.00	-	11,500,000.00
ix	Iwopin Pulp & Paper Co	1,825,957,829.00	1,706,816,512.00	3,532,774,341.00
x	Nig. Machine Tools Ltd	1,774,364,546.00	1,830,066,174.00	3,604,430,720.00
xi	Nig. Newsprint Man.	1,156,712,486.00	1,125,207,411.00	2,281,919,897.00
xii	Nig. Paper Mills Ltd	242,234,465.00	213,238,445.00	455,472,910.00
xiii	Nig. Sugar Co.	1,820,587,973.00	2,027,823,712.00	3,848,411,685.00
xiv	Nig. Nat. Shipping Line	856,144,342.00	246,137,336.00	1,102,281,678.00
	Total	**25,089,884,199.00**	**36,362,605,412.00**	**61,452,489,611.00**

2.18 The Accountant-General of the Federation had been requested to carry out urgent review of the records of these companies, to:

i ensure that the outstanding loans together with cummulative interests in the (14) fourteen privatized companies were recouped from the new owners of the companies. Also the Accountant-General of the Federation has been asked to clarify the inclusion of NEPA as a privatized company.

ii make the records of loans together with the cummulative interests and any other investments in the companies that are yet to be privatized available to the Bureau for Public Enterprises (BPE) or in the case of Banks, the Nigerian Deposit Insurance Corporation.

LOANS CONVERTED TO EQUITY

2.19 The Loans converted to equity as earlier reported in Auditor-General's Reports for the years 2004 to 2006 had now been reconverted back to loans without authority and the knowledge of the beneficiaries. The affected companies are:

		₦
(i)	Ajaokuta Steel Company	72,756,239,000.00
(ii)	NITEL	40,407,421,492.00
(iii)	Bank of Industry (BOI)	2,250,000,000.00
	Total	**115,413,660,492.00**

2.20 Further examination of documents and discussion held with the Department of Revenue & Investment in the Office of the Accountant-General of the Federation revealed that:-

(i) the sum of ₦40,407,421,492.00 mentioned above was in respect of NITEL Board's decision ''to convert the amount as deposit for shares in M-Tel to fully paid up capital. This is to enable M-Tel meet the stipulated borrowing requirement in its articles.'' As a result of the above the present presentation in the statement as equity converted to loan would appear to be misleading.

(ii) The sum of ₦2,250,000,000.00 being re-conversion of equity in BOI to loan also appears misleading because the share certificate No 00007 dated 7th October, 2004 had been issued for the total BOI investment of ₦3,875,692,114.00 made up of 1,937,846,057 units (at ₦2 per unit) The foregoing figure is inclusive of the ₦2.25 billion referred to as original loan converted to equity.''

The Accountant-General of the Federation had been requested to:-

(i) produce the authority for the re-conversion of the equity to loans of NITEL and Ajaokuta Steel Company including also the loan agreements and amortization schedules for repayment of the loans,

(ii) communicate the re-conversion of the equity to loans to the affected companies accordingly.

LOANS CONVERTED TO EQUITY-NITEL- ₦47,967,725,794.00

2.21 The Loan converted to equity in the previous years, in the sum of ₦47,967,725,794.00 in respect of NITEL which was taken to investment but not shown in the statement, had no supporting legal instrument to justify the transaction. The records examined revealed that the sum of ₦47,967,725,794.00 had no legal backing and share certificates were not issued to support the conversions. The absence of share certificates casts doubts as to the genuineness of the transactions. Further examination of the transactions revealed that the Office of the Accountant-General of the Federation, on two occasions in the year 2005, had requested for the Share Certificates to support the amount converted to equity, but there was no positive response to his request. The Accountant-General of the Federation had again been requested to furnish my Office with the Share Certificate in respect of the amount for audit verification.

INVESTMENTS

INVESTMENTS FORFEITED TO THE FEDERAL GOVERNMENT – ₦1,230,287.00

2.22 The Statement of Investments forfeited to the Federal Government given at Appendix IV to the Financial Statements revealed that the sum of ₦1,230,287.00 was in respect of investments in (25) twenty-five companies forfeited to the Federal Government. A close examination of these companies shown in the Statement revealed that there is need for the Accountant-General of the Federation to confirm the forfeiture of the investments, the dividends paid thereon and to produce the share certificates of the outstanding (9) nine companies asterisked out of twenty five (25) companies forfeited. Many of the investments range between ₦50.00 and ₦400,000.00 and this raises the question as to the materiality of the forfeited investments. It is, however, necessary to indicate the current market values of all the investments, in addition to the historical cost figures shown in the Statement.

EXTERNAL INVESTMENTS – ₦519,530,919.00

2.23 The list of the fourteen (14) companies in the Statement of External Investments given at Appendix V to the Financial Statements showed that these are companies based outside Nigeria in which Federal Government has investments totalling ₦519,530,919.00. However, the returns of revenue collected from Revenue and Investment Department revealed that only two companies out of the fourteen companies paid any dividend on investments during the year under review.

2.24 It was also noted that the total shares of 20,549,028.00 being Federal Government investments in Onigbolo Cement Co. were disposed off during the year. The authority for the privatization of Onigbolo Cement Co. the market value of the shares and the proceeds therefrom should be made available for audit verification.

2.25 There is also the need to know the present Market value of each of the investments in these companies and the continued Nigeria's interest in them.

2.26 The Accountant-General of the Federation has been requested to investigate the present status of Nigeria's interest in these companies and to find out why there were no returns on the investments apart from African Re-Insurance Co. and Royal Simunye Sugar Co. during the year under review.

LOANS GRANTED TO REPUBLIC OF GHANA (US$40,000,000.00) AND SAO TOME AND PRINCIPE (US$5,000,000.00) NOT REFLECTED IN THESTATEMENT

2.27 A Loan of US$40,000,000.00 was granted to the Republic of Ghana on the 3rd August, 2004 for financing Ghana's interest in West African Gas Pipeline Project at a zero-interest rate. The Loan agreement indicated that it would be repaid in five equal installments of US$8,000,000.00 bi-annually. The figure for this loan was not reflected in the Account.

2.28 Similarly, a Loan of US$5,000,000.00 was granted to Sao Tome and Principe by the Federal Government of Nigeria to enable the Democratic Republic of Sao Tome and Principe achieve the objective of establishing the treaty on the Exploration and Development of resources in the Joint Development Zone (JDZ). This loan was also not reflected in the Statement.

The Accountant-General of the Federation had been requested to furnish my office with the present position of the repayment of the loans totaling US$45,000,000.00 as at 31st December, 2007 for audit verification.

NOTES TO ACCOUNTS – AUDIT OBSERVATIONS

NOTE 4.0 – CLOSING CASH BOOK BALANCES OF MDAs

2.29 It was observed that the National Bureau of Statistics had deficit balance totaling ₦25,337,979.25 at the end of the year under review contrary to the provision of the Financial Regulation No. 810 which stipulates that "No Government bank account shall be overdrawn, or any temporary advance obtained from a bank. In the event of an account being overdrawn, the officer responsible shall be made to refund any bank charges incurred thereon".
The anomaly has been conveyed to the Accountant-General of the Federation for his comments.

NOTE 6.0–OUTSTANDING IMPREST OF MINISTRIES/DEPTS/AGENCIES

2.30 Sixty (60) MDAs had the net outstanding credit balances totalling ₦151,552,263.09 as at 31st December, 2007 instead of **NIL** balance in their imprest accounts, contrary to Financial Regulation No. 1111 which stipulates that "All standing imprests must be retired before the 31st December of the financial year in which they are issued, while Special Imprests shall be retired immediately the reasons for which they were granted cease to exist".

2.31 Further audit investigation revealed that out of the sixty (60) MDAs, (11) eleven recorded credit balances in their imprest accounts for amounts totalling ₦620,624,609.77. The affected MDAs are:

S/N	MDAs	Amount
i	Ministry of Police Affairs	₦ (6,858,330.79)
ii	Supreme Court of Nigeria	(119,023,871.58)
iii	National Sports Commission	(1,341,326.84)
Iv	Ministry of Foreign Affairs- All Missions	(12,522,081.05)
v	Ministry of Justice	(146,453,658.84)
vi	NAPEP	(10,192,310.00)
vii	Court of Appeal	(132,495,583.05)
viii	Ministry of Defence	(4,051,798.91)
ix	Public Complaints Commission	(662,875.95)
x	Directorate of Military Pension	(187,076,442.76)
xi	National Salaries &Wages Commission	53,670.00
	TOTAL	**(620,624,609.77)**

The attention of the Accountant-General of the Federation had been drawn to the discrepancies and he has been requested to call on the affected MDAs to provide explanation for the discrepancies.

NOTE 7: CASH-IN-TRANSIT- ₦20,403,572,018.79

2.32 It was observed that the Cash-in-Transit of MDAs had a net outstanding debit balances totalling ₦20,403,572,018.79 as at 31st December, 2007 compared with 2006 net outstanding debit balances totalling ₦28,333,597,413.18 instead of **NIL** balance.

The attention of the Accountant-General of the Federation had been drawn to the discrepancies and he has been requested to carry out investigation on all the affected MDAs to explain the situation.

NOTE 8: OUTSTANDING ADVANCES – ₦22,642,321,869.32

2.33 Eighty-four (84) MDAs had a net debit balance of ₦22,642,321,869.32 as outstanding advances as at 31st December, 2007 while the total sum of ₦100,907,072.60 was reported as credit balances in some Federal pay Offices as at 31st December, 2007. These figures were higher than those reported in the previous year, a confirmation that no conscious efforts were made towards retiring advances granted by these Agencies contrary to the Financial Regulations 1704, 1705 and 1725.

The Accountant-General of the Federation had been informed of the anomalies and was advised to reconcile the huge outstanding advances with the affected Agencies.

NOTE 9: TREASURY CLEARANCE ACCOUNT

2.34 It was noted that the net figures of ₦2,141,072,252.94 and ₦49,525,527.80 representing unexplained transactions were outstanding against 26 MDAs

and 15 Federal Pay Offices and Federal Sub Treasury, Abuja respectively as reflected in the Monthly Transcripts of Accounts of these MDAs, FPOs and Federal Sub-Treasury, Abuja.

The attention of the Accountant-General of the Federation had been drawn to the discrepancies and called upon to investigate the reasons offered for the unknown transactions which had remained stagnant and to effect their clearance once and for all.

NOTE 11: DEPOSIT ACCOUNTS WITH DEBIT BALANCES

2.35 Twelve (12) MDAs and (5) FPOs listed hereunder recorded debit balances in their deposit accounts as at 31st December, 2007, instead of credit balances contrary to extant Regulation.

S/N	MDAs	Amount
		₦
(i)	Code of Conduct Tribunal	1,117,705.89
(ii)	Ministry of Education	189,549,842.88
(iii)	Ministry of Labour and Productivity	2,383,566.00
(iv)	Ministry of Sports & Social Dev.	144,337,680.02
(v)	NAPEP	100,353,943.24
(vi)	Federal Govt. Staff Housing Loans Board	243,589,279.96
(vii)	Ministry of Communications	2,141,921.71
(viii)	Federal Ministry of Finance	3,509,000.00
(ix)	Court of Appeal, Abuja	3,424,132.00
(x)	National Assembly Service Commission	13,981,118.07
(xi)	National Judicial Institute	55,790,601.11
(xii)	Nigeria Air Force	10,265,208.44
(xii)	Federal Pay Office, Abeokuta	4,128,455.27
(xiii)	Federal Pay Office, Jos	43,950.00
	TOTAL	**774,616,404.59**

The Accountant-General of the Federation has been requested to investigate the causes of the discrepancies in the Deposit Accounts.

NOTE 15- SUBVENTION TO PARASTATALS

2.36 Audit examination of the Subvention to Parastatals for the year ended 31st December, 2007, revealed excess expenditures of ₦78,578,266,607.88 incurred by (16) Sixteen Parastatals. The Accountant-General of the Federation had been requested to furnish the relevant financial authorities covering the Excess expenditure.

PENSION REFORM ACT SECTION 29 (1) TO (4) 2004 (ESTABLISHMENT OF RETIREMENT BENEFITS BOND REDEMPTION FUND)

2.37 It was observed that the provision of Section 29(1) to (4) of Pension Reform Act, 2004 was not fully complied with. This section stipulates that the "Central

Bank of Nigeria (CBN) should establish, invest and manage funds to be known as the "Retirement Benefit Bond Redemption Fund" which shall be used by the CBN to redeem any retirement benefit bonds issued pursuant to section 12(1) of the Act.

2.38 During the year under review, the Account was opened in favour of the National Pension Commission instead of the CBN as stipulated by Section 29(1) to (4) of the Act. Further examination of the Consolidated Revenue Fund Account (CRF) Bank Statements for the year under review revealed the following:

i Between January and December 2007, the sum of ₦23,000,000,004.00 had been paid into the fund as follows:-

Month	**Amount** ₦
January, 2007	0.00
February 2007	1,916,666,667.00
	1,916,666,667.00
March 2007	0.00
April 2007	1,916,666,667.00
May 2007	0.00
June 2007	0.00
July 2007	1,916,666,667.00
	1,916,666,667.00
	1,916,666,667.00
August 2007	1,916,666,667.00
September 2007	1,916,666,667.00
October 2007	1,916,666,667.00
November 2007	1,916,666,667.00
December 2007	1,916,666,667.00
	1,916,666,667.00
TOTAL	**₦23,000,000,004.00**

ii There was no evidence of any corresponding investment made for this fund as required by section 29(1) of the Pension Reform Act, 2004.

iii These payments in favour of PENCOM contravenes Section 29 (1) to (4) of the Pension Reform Act, 2004 which requires that '' The Central Bank of Nigeria shall establish, invest and manage Funds to be known as the Retirement Bond redemption Fund----------''

iv Appropriate Ledger for the payments into the Fund had not been opened by the Accountant-General of the Federation.

v There was no evidence of compliance by FCT to the Section 29 (1) to (4) of the Pension Reform Act, 2004

2.39 The Accountant-General of the Federation had been requested to:-

(i) provide evidence that the funds were invested by CBN in accordance with Law;

(ii) confirm that an appropriate ledger has been opened for the fund in his Office;

(iii) provide evidence of the contribution into the fund of 5% Monthly Wage Bill of the employees of the Federal Capital Territory Administration (FCTA), for the period July, 2004 to 31st December, 2007. The Accountant-General of the Federation should closely monitor the regular obligation of FCTA as required by the Law.

The irregularity had been conveyed to the Accountant-General of the Federation for his comments.

NON-DISCLOSURE OF RETIREMENT BENEFITS BOND REDEMPTION FUND IN THE ACCOUNT

2.40 The figure for the Retirement Benefits Bond Redemption Fund was not disclosed in the Statement of Assets and Liabilities as at 31st December, 2007. The anomaly had been conveyed to the Accountant-General of the Federation for his comments.

FEDERAL GOVERNMENT CONTRIBUTION TO PENSION (STATEMENT OF CONSOLIDATED REVENUE FUND 3)

2.41 Audit examination of the Statement of Consolidated Revenue Fund for the year ended 31st December, 2007, revealed excess expenditures incurred on Federal Government Contribution to Pension amounting to ₦12,738,269,273.60. The Accountant-General of the Federation had been requested to furnish the relevant financial authorities covering the Excess expenditure.

NON-CO-ORDINATION OF FUNDS/GRANTS RECEIVED FROM INTERNATIONAL DONOR AGENCIES

2.42 During the year under-review, several International Agencies donated/granted funds running into millions of Naira to many Federal Ministries, Extra-Ministerial Departments and Agencies to assist them in the implementation of specific programmes which are beneficial to the nation as a whole. Similar observations were raised in my Annual Reports for the years 2005 and 2006.

Unfortunately, the details of such funding were neither made available to the Accountant-General of the Federation nor formally reported by the International Donor Agencies to the Accountant-General of the Federation to enable him capture such financial assistance globally in his Annual Financial Statements.

2.43 In view of the impact of such funds from these Donor Agencies on Nigeria's economy, the Accountant-General of the Federation has again been requested to ensure that all forms of financial assistance are co-ordinated by his Office and formally disclosed in the Annual Financial Statements for audit examination. The Accountant-General of the Federation has been requested to ensure improvement in the present system of accounting for international assistance.

ANNUAL BOARD OF SURVEY REPORTS

2.44 Audit examination of the Annual Board of Survey Reports of various Ministries, Departments and Agencies revealed that six(6) MDAs as listed below did not remit their personnel & overhead balances and internally generated revenue amounting to ₦316,247,132.87 to Consolidated Revenue Account, contrary to extant regulations:-

S/N	Organization	Amount	Nature of Transaction
		₦	
i	EFCC	2,374,603.06	Personnel & Overhead balances
ii	Mines & Steel Development.	70,300,269.99	Personnel & Overhead balances
iii	National Judicial Institute	214,474,093.18	Personnel & Overhead balances
iv	National Universities Commission	26,200,612.23	Personnel & Overhead balances
v	Supreme Court of Nigeria	321,334.41	Personnel & Overhead balances
vi	National Sports Commission	2,576,220.00	Internally Generated Revenue
	Total	**316,247,132.87**	

The attention of the Accountant-General of the Federation had been drawn to the deficiencies for his comments.

CONSOLIDATED REVENUE FUND

2.45 Audit examination of the Statement of Consolidated Revenue Fund for the year ended 31st December, 2007, (Statement No. 3.0) revealed shortfall in revenue collection on (8) Eight Heads of Recurrent Revenue for amounts totalling ₦30,065,845,515.69 as stated hereunder:-

S/N	SUB HEAD	DESCRIPTION	BUDGET CURRENT YEAR ₦	ACTUAL CURRENT YEAR ₦	SHORTFALL ₦
i.	3120	Direct Taxes	5,212,057,878.54	67,704,582.89	5,144,353,295.65
ii.	3200	Licenses and Internal Revenue	521,755,650.29	345,701,525.15	176,054,125.14
iii	3300	Mining	1,032,622,739.76	230,683,046.12	801,939,693.64
iv	3400	Fees	8,520,746,726.96	4,910,370,499.96	3,610,376,227.00
v	3500	Earnings and Sales	1,646,917,780.39	1,050,869,175.84	596,048,604.55
vi.	3600	Rent on Govt Property	1,460,423,714.86	1,033,155,539.78	427,268,175.08
vii.	3700	Re-imbursement	4,788,341,726.56	99,343,446.10	4,688,998,280.46
viii.	3800	Miscellaneous	20,293,942,999.71	5,673,135,885.54	14,620,807,114.17
		TOTAL	**43,476,809,217.07**	**13,410,963,701.38**	**30,065,845,515.69**

The Accountant-General of the Federation had been requested to provide the details of the MDAs involved in the short-fall of revenue collection and the reason(s) for their inability to collect the revenue as budgeted.

Late Remittance of Collection of Independent Revenues into the Consolidated Revenue Fund

2.46 Audit examination of Federal Pay Offices I and II in Lagos, for the year ended 31st December 2007 revealed that the sum of ₦186,589,001.59, made up of ₦180,662,316.65 and ₦5,926,684.94 which were the closing balances as at 31st December 2007, in two Commercial banks, maintained as Revenue Accounts, by Federal Pay Offices 1 and 11, Lagos were not remitted to Consolidated Revenue Fund Account (CRF) with Central Bank of Nigeria (CBN), contrary to Section 80 (1) of the Constitution of the Federal Republic of Nigeria 1999.

2.47 The balances in these two Commercial Banks ought to have been NIL at the end of each Financial year, and not with the large sum of ₦186,589,001.59 which should have been transferred to the Consolidated Revenue Fund (CRF) Bank Account. The implication of this practice amongst others are:-

(i) Consolidated Revenue Fund Account for the Federal Government is not regularly serviced as required by Section 80 (1) of the Constitution of the Federal Republic of Nigeria, 1999

(ii) The designated Commercial Banks for the Revenue Collections are given absolute freedom to utilize public funds in their own interest without any accrued interest and authorization.

2.48 It was also noted that Independent Revenues were collected by the FPOs and remitted to the Sub-Treasurer of the Federation (STF) but were not

promptly acknowledged with Revenue Receipts, contrary to extant regulations. For example, an amount of ₦38,715,673.87 was remitted and cleared on 27th July, 2007 but receipted by the Sub-Treasurer of the Federation (STF) on 27th January, 2009, two years after remittance. This practice should be discouraged.

2.49 The Accountant-General of the Federation has been requested to comment on the rationale for leaving the revenue of the Federal Government in the sum of ₦186,589,001.59 in two Commercial Banks as at 31st December, 2007 and the late acknowledgement of revenue paid by Federal pay Offices to Sub-Treasurer of the Federation.

2.50 All the observations contained in the Main Report had been brought to the attention of the Accountant-General of the Federation for necessary action.

SECTION 3

FEDERATION ACCOUNT

FEDERATION ACCOUNT

BACKGROUND

3.1 The Federation Account was established under Section 162(1) of the Constitution of the Federal Republic of Nigeria 1999 which stipulates that "The Federation shall maintain a special account to be called "the Federation Account" into which shall be paid all revenues collected by the Government of the Federation, except the proceeds from the personal income tax of the personnel of the armed forces of the Federation, the Nigeria Police Force, the Ministry or department of government charged with responsibility of Foreign Affairs and the residents of the Federal Capital Territory, Abuja.

In the same vein, the Allocation of Revenue (Federation Account etc) Act, 1982 (CAP 16) (Laws of the Federation of Nigeria) as amended by Allocation of Revenue (Federation Account etc) Decree 1992, as well as Allocation of Revenue (Federation Account) Modification Order, 2002, established for the Federation a body known as the Federation Account Allocation Committee (FAAC) with the following functions:-

(a) To ensure that allocation made to the States from the Federation Account are promptly and fully paid into the Treasury of each State on the basis and terms prescribed by this Act; and

(b) To report annually to the National Assembly in respect of the functions specified in the above paragraph.

3.2 In carrying out the functions specified in the Act, the Office of the Accountant-General of the Federation issues mandates to the Central bank of Nigeria (CBN) to release funds to the beneficiaries as provided for by the relevant portion of the Constitution of the Federal Republic if Nigeria, 1999. In order to fast-tract its functions, FAAC also constituted a body known as the Post-mortem sub-committee to review profiles of revenue presented by the Revenue Generating Agencies namely:-

(i) Federal Inland Revenue Service (FIRS)
(ii) Nigeria National Petroleum Corporation (NNPC)
(iii) Department of Petroleum Resources (DPR) and
(iv) Nigeria Customs Services (NCS)

This report covers audit examination of the accounting, other books of account, records and returns rendered by the collecting Agencies to the Accountant-General of the Federation.

The following observations were made as a result of such examination:-

Non-Submission of Federation Account Statement for the year Ended 31st December, 2007 by the Accountant-General of the Federation.

3.3 The Federation Account Statement which comprises the source of revenue and the respective inflows and the disbursement of funds therefrom for the year 2007 which should have been presented for audit in compliance with Section 168(1) of the Constitution of the Federal Republic of Nigeria, 1999 which stipulates that "Where any payment fails to be made under this part of this chapter, the amount payable shall be certified by the Auditor-General for the Federation" was not made available by the Accountant-General of the Federation to enable me certify the appropriateness and completeness of the various payments made into and from the Federation Account during the year under review. The attention of the Accountant-general of the Federation had been drawn to this lapse.

Federation Account Revenue

3.4 At the Office of the Accountant-General of the Federation, it was observed from the component statements of 2007 that Joint Venture Cash Calls (JVC) of the sum of ₦549,973,760,000.00, Excess Crude of the sum of ₦1,168,511,662,922.05 and Petroleum Product Subsidy of the sum of ₦236,641,070,020.09 were deducted from proceeds of crude oil sales, while the sums of ₦25,951,748,230.40 and ₦62,542,189,484.65 were excess proceeds deducted in respect of Petroleum Profit Tax (PPT) and Royalties respectively. These deductions were made before the net revenues were paid to the Federation Account contrary to the provisions of Section 162(1) of the 1999 Constitution of the Federal Republic of Nigeria which requires all such revenues to be paid directly into the Federation Account (See Appendix 3A). The anomaly has been brought to the attention of the Accountant-General of the Federation for prompt action.

3.5 The sums of ₦13,081,607,831.03 and ₦16,895,632,669.44 being 4% and 7% of total Non-Oil and Gas Revenues, were deducted as cost of collection from the Federation Account and paid to Federal Inland Revenue Service and Nigeria Customs Service respectively. There was no evidence to show that these rates were passed into law by the National Assembly. The Accountant-General of the Federation has been requested to produce the evidence showing that the rates for the deduction were approved by the Acts of the National Assembly, otherwise, advise the relevant collecting Agencies should seek formal legislative approval for the rates.

3.6 Amounts totalling ₦124,673,047.21 were deducted from the Federation Account and described as "Funding of FAAC" but the details of the disbursement of the funds were not made available for audit examination. The matter has been brought to the attention of the Accountant-General of

the Federation to produce details of the disbursement of the funds for audit examination.

3.7 Concessional Rentals receivable in the months of January, May, October, November and December, 2007 were not collected and paid into the Federation Account. Records evidencing the amounts receivable were also not made available for audit verification. The Accountant-General of the Federation has been requested to produce the required documents for audit verification.

3.8 The Custom Penalty charge from Nigeria Customs Service for the months of May and August, 2007 were also not collected and paid to Federation Account. Records showing the amounts due for these months were not made available for audit verification. The records should be produced for audit verification.

3.9 Audit examination of the mandate letters from NNPC to CBN in the months of January and February 2007 revealed that the benchmark amount of the Domestic Crude Oil Sales proceeds was not fully paid by ₦38,816,991,438.97 to the Federation Account. This balance should be paid to the Federation Account, forwarding relevant particulars for audit verification. The Accountant-General of the Federation has been informed of this underpayment, and he has been urged to recover the balance of ₦38,816,991,438.97 from the NNPC accordingly.

3.10 It was observed that the FAAC has not been rendering the mandatory Annual Report as provided for under Section 5 (3b) of Allocation of Revenue (Federation Account, etc) Act 1982 which stipulates that FAAC is "To report annually to the Nation Assembly in respect of the functions specified in the Act". The Accountant-General of the Federation has been notified of this omission for rectification.

3.11 It was observed that allocations to states are in many cases paid into more than one commercial bank. One of such instances is the case of a refund of the sum of ₦470,569,712.66 in the month of March, 2007 to Akwa-Ibom State for an under-payment of February, 2007 allocation. This refund was paid into the State's Central Bank Account, whereas the actual allocation for the month of March, 2007 was paid into a Commercial Bank at Uyo, Akwa Ibom State. The matter has been brought to the attention of the Accountant-General of the Federation requesting that each State government should open a specific State Consolidated Revenue Fund Account in line with the provisions of the 1999 Constitution to enhance accountability and facilitate audit trail.

3.12 States' Contractual Obligations were observed to have been paid from the Federation Account. One of such cases is the payment of the sums of

₦210,000,000.00 and ₦13,341,890.24 in the months of March and April, 2007 respectively as contractual Obligations to a contractor by the order of the Governor of Anambra State. This payment is contrary to the provisions of sections 162(1), 162(3) and 120(3&4) of the Constitution of the Federal Republic of Nigeria, 1999. The Accountant-General of the Federation has been informed of this irregular payment from the Federation Account, and he was advised to ensure that henceforth payment of Contractual obligations from the Federation Account should cease.

3.13 Another case of irregular payments from the Federation Account was the sum of ₦540,000,000.00 paid for the Governors" Forum secretariat Project and upkeep of the Federation Account Secretariat. These payments from the Federation Account also contravene Sections 162(1&3) and 120 (3 & 4) of the Constitution of the Federal Republic of Nigeria, 1999. The matter has been brought to the attention of the Accountant-General of the Federation, requesting him to ensure that such disbursements are made by the State Governments in compliance with 1999 Constitutional provision.

3.14 Audit scrutiny of the Federation Account Central Bank Statements revealed that credit entries totalling ₦3,252,768,107,151.45 were described as "multi/misc credit entries". Records showing the breakdown of each multi/misc. credit entry, and copies of credit advice were also not made available for audit verification. The Accountant-General has been asked to produce these records for audit verification, and he was also advised to inform the CBN to desist from the use of such ambiguous narrations in its Bank statements.

3.15 The sum of ₦1,257,005,600,637.16 was credited to the Excess Crude Account (Export and Domestic Crude Oil Sales), Excess Royalty and Excess PPT during the year under review. However, only the sum of ₦708,934,242,999.01 was distributed by FAAC to the beneficiaries, leaving a balance of ₦548,071,357,638.15. The required records to confirm this balance was not made available for audit verification. These records should be produced for audit verification. This matter has been brought to the notice of the Accountant-General of the Federation for prompt action. He was also advised to ensure that the provision of the 1999 Constitution should be fully compiled with.

3.16 Out of the total withdrawals made from the Account of the Excess Crude Oil in the year 2007, the sum of US$1,604,908,272.37 could not be traced into the records of FAAC on Excess Crude Oil for the year. Similarly, payments totalling US$1,569,374,511.55 made from Excess Crude Oil/PPT/Royalty Revenues as per FAAC records were not reflected in the CBN Statement of Account for the year under review. The anomalies have been conveyed to the Accountant-General of the Federation and he was asked to reconcile the

CBN statements with that of FAAC; maintain a Cash Book for all transfers to the Excess Crude Account and payments made therefrom and prepare Monthly Transcripts of Account for the Excess Crude Account.

3.17 Ledger Accounts were not maintained in the Office of the Accountant-General of the Federation to show the movement of fund inflows and outflows to all the beneficiaries of the Federation Account. The absence of these ledgers made it difficult to trace or capture various allocations and mandates made to all the beneficiaries. The matter has been brought to the attention of the Accountant-General of the Federation, urging him to ensure that Ledger Accounts are maintained for the Federation Account to show the movement of funds for the benefit of the beneficiaries.

3.18 The sums of ₦37,959,661,611.40 and ₦2,750,763,878.20 were paid in the months of June and September, 2007 from Domestic Excess Crude Oil proceeds as amounts borrowed in respect of under-payment on derivation to Akwa-Ibom and Rivers States and Cross Rivers, Imo & Ondo States respectively. The breakdown and documentary evidence in respect of the under-payments to the States were not produced for audit verification. The Accountant-General of the Federation has been requested to produce the authority and documentary evidence supporting the payments for audit verification.

3.19 Audit scrutiny of the CBN Statements on Federation Account revealed that sums totalling ₦5,080,197,831.17 were paid in May, 2007 as monthly allocations to Enugu, Bauchi and Kebbi States from the Federation Account. The description of this payment shows that VAT and Domestic Excess Crude Revenue Allocations form part of this amount. Moreso, records on the detailed amounts paid for both VAT and Domestic Excess Crude Revenue allocations were not made available for audit verification. Furthermore, there was no evidence to show that transfers of funds were made from either VAT Account or Domestic Excess Crude Oil Account to the Federation Account. These irregularities have been brought to the attention of the Accountant-General of the Federation, asking him to clarify from the CBN how both VAT and Excess Crude (Domestic) came to be paid from the Federation Account without prior verifiable transfers from those accounts.

3.20 In the year under review, sums totalling US$174,008,529.04 and US$45,091,224.15 were credited to the FGN Excess Proceeds of Crude Oil Sales Account as interest on Fixed Term Deposit and interest on Ordinary Deposit respectively. The authority for placing the funds which yielded the above interest in the deposit account was not made available for audit verification. The banks where the deposits were made, the principal sums deposited, the tenor and the rate of interest were also not made available for

audit verification. The Accountant-General has been requested to produce these documents for audit verification.

3.21 Sums totalling US$213,354,142.31 and US$20,515,048.62 were credited to the FGN Excess Proceeds of PPT/Royalty Account as interest on Fixed Term Deposit and interest on Ordinary Deposit respectively. The authority for placing the funds which yielded the interest in deposit account was not made available for audit verification. The banks where the deposits were made, the principal sums deposited, the tenor and the rate of interest were also not made available for audit verification. The Accountant-General has been asked to produce these documents for audit verification.

3.22 The sum of ₦2,200,000,000.00 (US$17,351,526.14) was transferred in the month of April, 2007 from the Consolidated Revenue Fund Account to the "FGN Excess Proceeds of Crude Oil Sales Account". The mandate authorizing the transfer was neither made available for audit verification nor was the purpose of the transfer stated. The Accountant-General has been called upon to produce the mandate authorizing the transfer and also indicate the purpose of transferring such money from the Consolidated Revenue Fund (CRF) to Excess Crude Oil Account.

3.23 Amounts totalling US$2,800,000,000.00 were transferred from the "FGN Excess Proceeds of Crude on Sales Account" in the month of November, 2007 to Fixed Term Deposit Account of an International Bank. The bank where the deposit was made, the tenor, the interest rate, the certificate of deposit, the authority for the deposit and the relevant bank statements were not produced for audit verification. The Accountant-General of the Federation has been requested to obtain the necessary details from CBN and forward same for audit verification.

3.24 CBN Statement of Account for the "FGN Excess Proceeds of Crude Oil Sales Account" revealed that the sum of US$455,638,596.22 for June 2007 Excess Crude was credited to the account in July, 2007. In August, 2007, this same amount was reversed and the account credited with a lower amount of US$445,638,596.22 giving rise to a shortfall of US$10,000,000.00. Records showing details of full crude oil sales proceeds for the month of June, 2007, the benchmark figure and hence the Excess Crude amount were not made available so that the new amount credited could be verified. In view of the fact that the statements in question are bank statements and the entries reflected physical cash movement, the Accountant-General of the Federation has been asked to state the status of the shortfall of the US$10,000,000.00 not credited three weeks after the original lodgement was made.

All the anomalies have been communicated to the Accountant-General of the Federation for prompt action.

Nigerian National Petroleum Corporation And Petroleum Products Pricing And Regulatory Authority

3.25 During the audit examination of the records maintained for the Federation Account at the Nigerian National Petroleum Corporation and the Petroleum Pricing and Regulatory Authority, it was observed that the subsidy on petroleum products paid and deducted at source by both PPPRA and NNPC respectively exceeded the actual amount budgeted in the year under review by ₦231,637,346,011.43. This act contravenes the provisions of the 2007 Appropriation Act which provided the sum of ₦50 billion for the payment of subsidy on Petroleum Products. This matter has been brought to the attention of the Group Managing Director (NNPC) and the Executive Secretary (PPPRA) through the Accountant-General of the Federation for their comments.

3.26 Audit examination of the accounting and other records revealed that NNPC deducted at source the sum of ₦236,941,070,020.09 as petroleum product subsidy. This, when compared with the sum of ₦216,295,656,760.00 approved by PPPRA for the Corporation, gave rise to over-deduction of ₦20,345,413,254.09. The discrepancy has been brought to the attention of the Group Managing Director (NNPC) through the Accountant-General of the Federation for clarification.

3.27 Through NNPC mandates to CBN a total sum of ₦549,973,760,000.00 was paid for Joint Venture Cash Calls. But only a total sum of ₦441,148,135,670.00 was actually recorded in the accounting books of NAPIMS as overheads, leaving a difference of ₦108,825,624,330.00 unaccounted for. The discrepancy has been brought to the attention of the Group Managing Director (NNPC) through the Accountant-General of the Federation for clarification and comments.

3.28 At the NNPC, it was also observed that the Corporation claimed to have allocated a total of 3,834,798 barrels of crude oil to Port-Harcourt Refinery in the months of September and November, 2007. Audit verification however revealed that the refinery receipted only 2,245,744 barrels for processing, giving rise to a shortfall of 1,589,054 barrels valued at ₦15,274,368,185.00. The comment of the Group Managing Director (NNPC) has been sought on the discrepancy.

3.29 The sum of US$4,451,000,000.00 was appropriated in the 2007 Budget for Joint Venture Cash Calls (JVCC) and this was fully released to NNPC for the benefit of the Joint Venture operators. However, NAPIMS budget for the Joint Venture Operators in the same year was put at US$4,114,990,000.00, resulting in a surplus of US$336,010,000.00. The Group Managing Director (NNPC) has been requested to comment on the surplus fund.

3.30 Further audit scrutiny of the records of the JVCC in the books of NAPIMS showed that the Joint Venture Operators were paid a total sum of US$1,714,482,000.00 in the period under review. When compared with the sum of US$4,114,990,000.00 budgeted by NAPIMS for the Joint Venture Operators, a difference of US$2,400,508,000.00 was revealed as a budget under-implementation. The attention of the Group Managing Director NNPC has been drawn to this anomaly through the Accountant-General of the Federation.

3.31 Audit examination of the Joint Venture Cash Call records at NAPIMS,Lagos, revealed that amounts totalling ₦80,209,746,847.00 and US$1,550,864,976.64 were irregularly diverted in the year under review for execution of programmes and activities not included in the approved budgets of the Joint Venture Operators. The programme and activities include performance Balance/supply, Niger Delta Security Arrangement, NIPP projects and NAPIMS Overhead Cost. The Group Managing Director (NNPC) had been requested to produce the authority for the fund diversions for amounts totalling ₦80,209,746,847.00 and US$1,550,864,976.64; otherwise refund the sums to the Federation Account as unauthorized budget slacks misapplied. (See Appendix 3A).

3.32 A total sum of US$50,435,671.44 was earned as interest on Joint Venture Cash Call Account in 2007. There was no provision for this amount as possible income receivable in the 2007 Joint Venture Cash Call budget. The Group Managing Director (NNPC) has been informed of this matter through the Accountant-General of the Federation and was asked to ensure that the interest of US$50,435,671.44 earned on the Joint Venture Cash Call account is refunded to the Federation Account and particulars of payment forwarded for audit verification. (See Appendix 3A).

3.33 From the records obtained at the NNPC, a total sum of US$1,300,000,000.00 was observed to have been transferred from the Excess Crude Oil Account to the Joint Venture Cash Call account in the month of February, 2007. The reasons for the transfers were not disclosed during audit inspection. Moreover, this transfer of US$1,300,000,000.00 from the Excess Crude Oil Account is considered as an extra-budgetary spending and when added to the budgeted Joint Venture Cash Call of US$4,451,000,000.00 fully released to NAPIMS, will further increase the over-funding of the Joint Venture Cash Call from US$336,010,000.03 to US$1,636,010,000.00. The irregularity has been brought to the attention of the Group Managing Director (NNPC) through the Accountant-General of the Federation, asking him to justify the transfer, failing which the full amount should be paid to the Federation Account.

3.34 Audit examination of NNPC Financial Statements revealed that the company made losses of over ₦640,057,810,000.00 for four (4) consecutive years (2003 – 2006). The losses were incurred by the NNPC inspite of the enormous sums of money the Corporation deducted as subsidies for petroleum products. Consequently, the Corporation has not been able to pay operating surpluses into the Consolidated Revenue Fund as required by law for the four consecutive years.

3.35 The irregularity has been brought to the attention of the Group Managing Director (NNPC) through the Accountant-General of the Federation for his comment. It was suggested that a thorough reappraisal of the Corporation's running cost should be carried out to achieve operational efficiency so that the Corporation can operate profitably.

Department of Petroleum Resources (DPR)

3.36 During the audit examination of accounting and other records at the Department of Petroleum Resources, for the Federation Account Revenue, it was observed that the computation of royalties payable by the Oil companies was based on actual crude oil lifted by them and not calculated on actual production figures contrary to the provisions of the MOU's with the relevant oil companies. The MOU's provide that payment of royalties should be based on production volume multiplied by the prescribed royalty rates.

3.37 Furthermore, the Department of Petroleum Resources (DPR) has since shirked its responsibility of raising the assessments on royalties and sending the demand notices to the various oil companies for prompt settlement. Rather the Oil Companies are allowed to engage in the self-assessment of royalties payable by them. This compromise obviously is detrimental to the interest of the country. The Director of Department of Petroleum resources has been informed of this anomaly through the Accountant-General of the Federation, and he was requested to ensure that computation of royalties is based on the production as contained in the MOU's for the benefit of the country.

3.38 Records on 2007 royalties were not made available for audit examination. All efforts made to get the Head of "Project Economic and Value" Department to release the 2007 Royalties figures proved abortive. The Director, DPR could not intervene when requested to do so, contrary to the provisions of 1999 constitution of Nigeria. The Director DPR has been requested through the Accountant-General of the Federation to release the 2007 royalty figures for audit verification.

3.39 The records of the analyzed crude oil production figure for 2007 requested for were also not made available for audit verification. Rather, what was made available was an unanalyzed crude oil production figures from the terminals,

from which computation of actual royalties payable would be virtually impossible. The Head of Project Economic and Value had insisted that crude oil production records are classified documents and therefore could not be released to the auditors. The Director of DPR has been requested through the Accountant-General of the Federation to produce these documents for audit verification.

3.40 Audit scrutiny of records revealed that total domestic royalties revenue paid to Federation Account in April, 2007 was less than the actual amount collected by ₦2,000,000,000.00. The Department collected ₦28,138,374,338.43 as shown in the Revenue Register and paid only ₦26,138,374,338.43 to the Federation Account, contrary to the provision of the Financial Regulation No. 613 which stipulates that "All Revenue collected must be fully paid to chest". The Director DPR has been asked to account for the difference of ₦2,000,000.00 forwarding details for audit verification.

3.41 Also, amounts totalling ₦5,047,340.83 being dishonoured bank drafts in respect of Miscellaneous Oil Revenue remained in the books of the Department up to December, 2007. It would appear that the dishonoured bank drafts are fake as bank drafts are expected to be as good as cash. These dishonoured bank drafts should be investigated and be accounted for accordingly. The discrepancy has been brought to the attention of the Director, DPR through the Accountant-General of the Federation for prompt action.

3.42 Audit investigation revealed that a sum of ₦3,184,344.40 being Concession Rentals was collected and transferred to CBN by DPR in December, 2007. However, CBN transferred only ₦1,688,014.40 to the Federation Account leaving a balance of ₦1,496,330.00. This balance should be accounted for immediately and detailed particulars forwarded for audit verification. The discrepancy has been brought to the attention of the Director of Petroleum Resources for prompt action.

3.43 Moreover, the total receipts to Miscellaneous Oil Revenue Pool Account for the year 2007 was ₦6,610,828,826.73 whereas ₦6,605,086,426.73 was transferred to the Federation Account, thereby giving rise to under-remittance of ₦5,742,400.00. No satisfactory explanation was given for the non-remittance of the money, contrary to extant regulations. The Accountant-General of the Federation has been requested to inform the Director DPR to account for the sum of ₦5,745,400.00 that was not remitted, forwarding particulars of remittance for audit verification.

3.44 The attention of the Director of Department of Petroleum Resources through the Accountant-General of the Federation has been drawn to all the irregularities raised for prompt action.

Central Bank Of Nigeria (CBN)

3.45 Audit verification of accounting and other records maintained by the CBN for the Federation Account revealed that out of a total expected revenue of US$15,366,139,973.56 receivable from Crude Oil and Gas Customers during the period under review, total revenue collected was US$14,640,059,811.77 leaving outstanding debt of US$726,080,161.79 (₦88,796,840,617.74). The outstanding balance of US$726,080,161.79 (₦88,796,843,617.74) should be recovered from the customers, forwarding details for audit verification. The matter has been taken up with the Governor of CBN through the Accountant-General of the Federation whose comment is being awaited.

Federal Inland Revenue Service (FIRS)

3.46 Audit examination of the accounting records maintained for the Federation Account at the Federal Inland Revenue Service, revealed that the total inflow into the Federation Account was ₦1,369,089,566,267.35 while the total amount which was shared as presented by the CBN Component Statement was ₦1,369,672,367,530.67. This gave rise to a difference of ₦582,801,263.32, which should be accounted for and details forwarded for audit verification. The Chairperson, Federal Inland Revenue Service has been notified of the discrepancy through the Accountant-General of the Federation for prompt action.

Nigeria Customs Service (NCS)

3.47 Audit examination of the Records maintained for the Federation Account at the Nigeria Customs Service, revealed that the total amounts generated and remitted by the Service for the year 2007 was ₦233,430,597,295.18 while total amount received by FAAC as shown by the CBN Components Statement was ₦241,366,180,991.81 thereby resulting in a discrepancy of ₦7,935,583,696.63. This implies that the actual amount of revenue generated and remitted by NCS was less than the amount presented to FAAC for sharing as indicated by CBN Components. The discrepancy has been brought to the attention of the Controller-General of Nigeria Customs Service through the Accountant-General of the Federation for his explanation.

3.48 Out of the 23 Commercial banks appointed to collect Customs and Excise Revenues, ten (10) completed and submitted their Accounts/Returns, twelve(12) submitted returns that were not complete while the remaining one did not submit any returns in the year under review. The non-rendition of the returns by these banks, made it difficult for the audit confirmation of the actual amounts collected and paid to the Central Bank of Nigeria. The Comptroller-General of Nigeria Customs Service has been notified of the anomaly through the Accountant-General of the Federation for his prompt action.

3.49 It was observed further that the sum of ₦14,210,416,007.68 being import duty collected and lodged into CBN, Port-Harcourt by Customs Area Command in Port-Harcourt, River state in August 2006 was not transferred to Federation Account until January 2007. This amount formed part of the ₦30,887,687,559.96 which CBN transferred to Federation Account in January, 2007. The reason for the late transfer of the sum of ₦14,210,416,007.68 should be explained.

The comment of the Comptroller-General of Nigeria Customs Service has been sought through the Accountant-General of the Federation.

SECTION 4

LOSSES OF CASH, STORES, PLANTS, VEHICLES AND EQUIPMENT

4.0. LOSSES OF CASH, STORES, PLANTS, VEHICLES AND EQUIPMENT

4.1 Losses of cash and stores arising from theft, fraud, negligence, death of government debtors, inadequate security and non-observance of existing regulations that have come to the notice of this Office since the date of my last Report are tabulated in Appendix "I" to this Report.

4.2 In all, cases of loss of cash and stores were reported. The following schedule shows the comparative position with regard to losses in the preceding five years:

YEAR	LOSS OF CASH		LOSS OF STORES
	NO	AMOUNT (₦)	NO
2002	2	8,539,801.98	8
2003	2	25,582,745.00	6
2004	3	5,664,295.00	5
2005	2	44,316,186.07	4
2006	2	1,084,400.00	4
2007	2	10,225,940.00	2

4.3 From the above schedule, the decline in the number of reported cases is not an indication of a reduction in the yearly losses of Government funds and stores, but an outright disregard for the provisions of Chapters 15 and 34 of the Financial Regulations which enjoin all Accounting Officers to render reports of any loss of Cash, Stores, Plants, Vehicles and Equipment to my Office, the Office of the Accountant-General of the Federation and to the Federal Civil Service Commission. It is strongly recommended that the above stated regulations should be strictly complied with.

4.4 No accident case, involving any Government vehicle, was reported during the year. This is not to say that it was a NIL situation in all the Ministries if the Quarterly Returns on Government vehicles had been promptly rendered. In fact, elsewhere in this Report, several cases of accident which came to light in the course of routine audit are reported against several Ministries, Departments and Agencies.

NIGERIA POSTAL SERVICE HEADQUARTERS, ABUJA

4.5 A loss of fund through theft was reported of stock of postage stamps worth ₦661,500.00, belonging to the Nigerian Postal Service, Headquarters, Abuja. The loss occurred as a result of theft by a Senior Postal Officer Grade II. The Postmaster-General had already reported officially to my office and promised to furnish my office with further development on the loss in due course. The matter is still under correspondence.

KOGI STATE TERRITORIAL HEADQUARTERS, LOKOJA

4.6. During the audit examination of the accounting and other records of the above named Unit, valuable properties worth ₦205,000.00 were allegedly carted away by armed robbers at the Nigeria Postal Service, Kogi State Territorial Headquarters, Lokoja on 23rd June, 2007. Although the burglary was said to have been reported to the police for investigation, the report is yet to be submitted to my office and the office of the Accountant-General of the Federation in accordance with extant regulation. The matter has been brought to the attention of Post Master-General of the Federation for necessary action.

NATIONAL SPORTS COMMISSION, ABUJA

4.7 A loss of Toyota Lite ACE bus with Registration Number FG 101-A27, Engine Number 41C-0960121 and Chassis Number JTl WK 30G00000996, belonging to the National Sports Commission, Abuja, was reported stolen where it was parked outside Federal Secretariat on the 28th of June, 2007 by the driver. The value of the vehicle at the time of purchase on the 15th of June, 2000 was put at ₦5,000,000.00. The case was reported to the Police who are yet to submit any investigation report on the theft. Moreover, the loss has not been officially reported on Treasury Form 146 in accordance with Financial Regulations No. 1502. The Director-General, National Sports Commission has been requested to furnish my office with the following documents and information:

- Police report interim and final
- Queries issued to the driver and his representation
- Evidence of disciplinary action taken against the culprit
- Report of the Administrative panel of enquiry (if any)
- Management comments and decision.

The matter is still under correspondence.

NIGERIA PRISONS, ONITSHA, ANAMBRA STATE

4.8 At Onitsha Prisons, Anambra State, one Arsena Rifle No. 5143 was not produced for audit inspection. Investigation conducted revealed that the rifle got missing at the Prison, and evidence was produced to confirm that the matter was reported to the Police. The loss whose value is yet to be ascertained should be formally reported to my office by completing Treasury form 146 and distributed in accordance with extant Financial Regulations.

NIGERIA EXPORT PROCESSING ZONES AUTHORITY

4.9 At the Nigeria Export Processing Zones Authority, Abuja, various items of which the values are still unknown were reportedly burnt down on Friday, 2nd February 2007 at exactly 11.30 am when staff were busy in their various offices. The items purportedly destroyed during the inferno included staff passports and Certificates, Work records, Official memoranda, Certificates of Registration, deeds, Payment vouchers, Cheque books, Audit reports, computers, Photocopiers, Furniture and other items the details of which cannot be readily ascertained.

4.10 The incident was reported to both the police and Fire Service, whose investigation reports are still being awaited. However, the case had been officially reported on Treasury Form 146, in accordance with extant Financial Regulations. Meanwhile, the Managing Director has been requested to update my Office with the latest developments on the fire incidence.

FEDERAL MINISTRY OF ENVIRONMENT HOUSING AND URBAN DEVELOPMENT

4.11 Stores worth ₦5,512,300.00 were reported stolen from the Central Store of the Environment section of the Ministry of Environment, Housing and Urban Development on an unspecified date by unknown persons.

4.12 The thieves were said to have exploited the loophole created by the inadequate security to which the container which housed the items was exposed. Considering the fact that the Ministry has security personnel on its payroll but failed to deploy any of them to watch over the stolen stores, one could rightly conclude that sufficient care was not taken to protect the valuable store items. The Permanent Secretary has been requested to thoroughly investigate the loss and all officers found negligent should be severely disciplined. Meanwhile, the loss should be reported officially on a duly completed Treasury Form 146 and the following documents should be forwarded to my Office, in compliance with the extant regulations:-

- Police Reports
- Query given to the culprits and their responses
- Internal Investigation Report and
- The Management comments and recommendations.
-

4.13 A loss of Government property worth ₦340,000.00 through theft was also reported at the office of the Director, Planning Research and Statistics of the Federal Ministry of Environment, Housing and Urban Development on an unspecified date by unknown persons. The Permanent Secretary has been requested to investigate the

loss, discipline all officers found wanting and ensure that the following documents are submitted to my office for necessary action as required by extant regulation:-

- Duly completed Treasury Form 146
- Police report interim and final
- Query issued to the culprits and their responses
- Internal investigation report (if any)
- Management's comment and recommendations.

This matter is still under correspondence.

FEDERAL MINISTRY OF TRANSPORT HEADQUARTERS, ABUJA

4.14 A loss of Government stores totalling ₦1,769,140.00 was reported to have been stolen by unknown persons, at the Federal Ministry of Transport Headquarters, Abuja. The incident occurred at the night of Tuesday, 30th January, 2007, when unknown persons invaded the Ministry's stores and carted away the store items. The matter was reported to the police, which after investigations advised that all the suspects i.e. store officers/security men should be arrested and arraigned before a competent court of law. All the prime suspects were also allegedly released on bail.

5.15 However, the Permanent Secretary Federal Ministry of Transport reported the loss by completing Treasury Form 146, but failed to furnish my office with the following documents:-

1. Final police report
2. Evidence that the case is still in court or has been disposed of
3. Evidence of Administrative proceedings on this loss in accordance with the Public Service Rules and the Financial Regulations.

NATIONAL EMERGENCY MANAGEMENT AGENCY (NEMA)

4.16 A loss of Government funds totalling ₦1,933,000.00 and $190,725.00 respectively was reported through burglary by armed robbers, at the National Emergency Management Agency, in Abuja. The incident occurred on the night of Sunday, 14th January, 2007, when armed bandits reportedly invaded the Agency, overpowered the security men on duty and made away with the cash. The matter was reported to the police and up to the time of writing the report, no arrest has been made and there has ben no evidence of recovery of the loss.

4.17 However, the Director-General has been requested to furnish my Office with the following documents in accordance with extant regulations:-

1. Duly completed Treasury Form 146
2. Police report interim and final
3. Evidence that appropriate Judicial process has been commenced against the officers
4. Evidence of disciplinary action taken against the culprits.
5. Evidence of recovery (if any) of the loss.

STATE HOUSE

4.18 During the audit verification of stores maintained at the State House, it was observed that, among other items, 4 No Digital Cameras (1xVs 40 Cannon) were allegedly issued to Budget Monitoring and Price Intelligence Unit (BMPIU) on March 9, 2006 through a Store Issue Voucher, signed by one officer who collected the items.

4.19 None of these Cameras could either be traced or produced during audit inspection. On investigation,, a Principal Confidential Secretary in the Office confirmed that only one of the Cameras got lost in the Office of the Senior Special Assistant to the President and that a report on this was submitted to the officer-in-charge of MOPOL in the Presidential Villa. Two of the Cameras were claimed to be missing from the BMPIU store, but there was no police report to support this. Even the fourth Camera which was supposedly available was not produced for audit verification.

4.20 Each of these cameras with the accessories was valued at ₦150,000.00, thus the total cost of the four cameras amounted to ₦600,000.00 as evidenced by the supporting contract documents attached to the relevant voucher. The BMPIU should produce the missing cameras as it is difficult to accept that they were actually missing.

The Permanent Secretary has been requested to conduct a thorough investigation on the missing camera in order to ascertain the culprits who should be penalized accordingly.

UPPER NIGER BASIN DEVELOPMENT AUTHORITY

4.21. A Toyota Hilux 2-WD with Engine No. 6075453 and Chassis No. 09500009 purchased at ₦4.3 million on 12th April, 2006 and formerly used by the Executive Director (Operations) was not seen during physical audit inspection of capital purchases made in year 2006 by the Authority. On further enquiry, the vehicle was alleged to have been stolen. However, the Authority, in accordance with Financial Regulations did not send any official Report both to the Accountant-General and the Auditor-General for the Federation in order to initiate proceedings for the recovery of

the loss. The explanation of the Chief Executive of the Authority has been formally sought on this matter and the response is being awaited.

MINISTRY OF POLICE AFFAIRS

4.22 During the period under review, it was observed that in 10 State Commands of the Nigeria Police, 67 arms and 3659 ammunitions (of different specifications and calibers), were allegedly lost to armed robbers and in communal disturbances in the various States. The values of these arms and ammunitions could not be ascertained at the time of writing this Report. It is worthy of note that none of these losses has been reported to my Office on Treasury Form 146 in compliance with the extant regulations.

4.23 The graphic details of the losses are given below:-

SUMMARY OF ARMS AND AMMUNITIONS LOST TO ARMED ROBBERS AND IN COMMUNAL CLASHES AT THE VARIOUS POLICE COMMANDS BETWEEN 1998 AND 2007

S/N	POLICE COMMAND	NO. OF ARMS	ROUNDS OF AMMUNITIONS	DATE/PERIOD OF INCIDENT	REMARKS
1.	EKITI	12	60	Between 2001 and December, 2005	Not Yet Recovered
2.	ONDO	11	2,607	Between June, 1998 and December, 2006	Not Yet Recovered
3.	ENUGU	10	20	Between January, 2003 and 25th August, 2007	Not Yet Recovered
4.	BENUE	1	One Cartridge (10)	31st December, 2005	Not Yet Recovered
5.	NIGER	4	-	January, 2006	Not Yet Recovered
6.	EBONYI	7	-	Nov., 2005/April, 2006	Not Yet Recovered
7.	KATSINA	6	119	January, 2006	Not Yet Recovered
8.	PLATEAU	9	144	Between June, 2005 and December, 2006.	Not Yet Recovered
9.	Taraba	2	662	12th June, 2007	Not Yet Recovered
10.	Imo	5	37	-	Not Yet Recovered
	TOTAL	**67**	**3659**		

NIGERIA POLICE FORCE

TARABA STATE COMMAND HEADQUARTERS, JALINGO

4.24 Various arms and ammunitions estimated at a total cost of ₦2,206,000.00 were allegedly lost to armed robbers at the Nigeria Police, Taraba State Command

while some got missing from the custody of officers in the course of their official assignments between October, 2006 and July 2007. The circumstances leading to the theft of these arms and ammunitions in most cases, remain hazy while detailed reports on progress of investigations carried out, sanctions imposed on the culprits and recoveries made if any, were yet to be conveyed to my Office by the Command.

4.25 There was also no evidence to show that these losses have been formally reported to the Accountant-General of the Federation and the Auditor-General for the Federation as required by the Financial Regulations. Details of recoveries of lost or stolen arms and ammunitions and sanctions imposed on the culprits should be produced for audit verification. The attention of the Inspector-General of Police has been drawn to these anomalies for prompt action.

4.26 A total number of 612 rounds of 7.62 ammunition and 50 extra rounds of 5.56 ammunition whose value could not be immediately ascertained, issued out to various officers travelling on official assignment to Port-Harcourt, Rivers State were reportedly missing when the officers were involved in a ghastly motor accident on the 12th June, 2007 at Alaide, on Makurdi – Otukpo road in Benue State. Two (2) Riffles – AK 47 numbers NK 344170 and FNC 98.052515 valued at ₦250,000.00 and ₦180,000.00 respectively were reportedly damaged beyond repairs during the incidence. The evidence(s) showing that these losses were formally reported to the relevant authorities were not made available and should therefore be produced for the attention of both the Accountant-General of the Federation and my office, as required by the Financial Regulations. The attention of the Inspector-General has been drawn to this irregularity.

IMO STATE POLICE COMMAND

4.27 The 'B' Operations Department of the Imo State Police Command, Owerri during the period under review, lost five (5 No) Arms, comprising three (3 No) Pistols and two (2 No) AR 70 with thirty-seven (37 No) rounds of various calibers of ammunition. The Police Command confirmed that the investigation of the loss of the arms and the ammunition was on-going. This reason is very unsatisfactory as extant regulations demand that a formal report of losses should be made immediately. The Inspector-General has been asked to comment on this anomaly.

ENUGU STATE POLICE COMMAND

4.28 At the Nigeria Police, Central Police Station (CPS) Enugu, Enugu State, one Beretta Pistol No. Ao79262 was not seen during the audit examination of the arms and ammunition's store. The Pistol was said to have been lost to armed robbers by one Police Inspector since 19th of July, 2007. The Inspector-General of Police was

requested to formally report the loss on the missing arm in accordance with the Financial Regulations.

4.29 At the Nigeria Police, Awkunanaw Division, Enugu State, one Chief Revolver No. 9D08108 was not seen during the audit inspection of the arms and ammunition stores. The gun was alleged to have been lost to armed robbers by one Police Inspector on the 25th October, 2006. The Inspector-General of Police was requested to also formally report the loss of the arms and ammunition in accordance with extant Financial Regulations.

4.30 At the Nigeria Police, Nsukka Division, Enugu State one AK 47 Rifle No. AB 351792 was not seen during the audit inspection of the arms and ammunitions. The rifle was alleged to have been snatched by armed robbers from one late Inspector on the 25th August, 2007. Similarly, one G3 rifle No. 8104516 issued to No. 221978 one Police Corporal was lost to armed robbers on the 13th July, 2007. The Inspector-General of Police has been requested to report the missing arms as required by extant regulations.

4.31 At the Divisional Police Office Udi (DPO Udi), Enugu State a monetary exhibit of the sum of ₦15,485.00 with exhibit registration number CER.32/2006 was observed to have been tampered with during the audit survey, which led to the shortage of ₦2,040.00. The total amount actually surveyed was ₦13,445.00. The shortage of the sum of ₦2,040.00 was, however, alleged to have been given out as loan to somebody by the former exhibit keeper, a Police Sergeant. The shortage was yet to be made good as at the time of the audit survey. The Inspector-General of Police has been informed of the discrepancy and he was requested to recover the sum of ₦2,040.00 from the culprit, quoting relevant receipt particulars for audit verification.

4.32 At the Divisional Police Office (DPO) Trans-Ekulu, a material exhibit, one carter C100 motorcycle, white in colour, with exhibit registration number CER3/2007 and motorcycle registration number UA 250 UWN, was not seen during the audit survey of the material exhibits. Further audit investigation revealed that the motorcycle exhibit was actually converted to personal use by a Police officer in the Division. The attention of the Inspector-General of Police has been drawn to this irregularity, and he has been requested to recover the motorcycle or its equivalent value from the Police officer, quoting recovery particulars for audit verification.

SECTION 5

MINISTRIES, DEPARTMENTS AND AGENCIES

5.0 *MINISTRIES, DEPARTMENTS AND AGENCIES*

FEDERAL MINISTRY OF AGRICULTURE AND WATER RESOURCES (AGRIC SECTOR)

5.1. At the Federal Ministry of Agriculture and Water Resources (Agric Sector), a sum of ₦27,206,000.00 was incurred from Fertilizer's vote as Out of pocket Expenses for purchase of computer consumables and other stationery items but these items could not be confirmed to have been taken on store ledger charge as required by Financial Regulation No. 2206. The Permanent Secretary has been asked to comment on the anomaly.

5.2 Audit verification of the 2007 Bank Reconciliation Statements of the Ministry, revealed that 4 withdrawals made in March and May, 2007, amounting to ₦271,177,859.80 were made from the Ministry's Bank Account maintained with a commercial bank in Abuja but the purpose for which the withdrawals were made was not disclosed. The relevant supporting documents such as Cash Book, payment vouchers and cheque stub were not made available for audit verification. Consequently, it is difficult to confirm that the withdrawal is a legitimate charge against public fund. The irregularity has been conveyed to the Permanent for explanation.

5.3 An officer of the Ministry was granted a personal advance of ₦400,000.00 to enable him print some documents relating to a Conference attended by the Honourable Minister on "Rebuilding and Reengineering Nigeria". The payment voucher raised for this advance was dated 11th April, 2007, while the total expenditure incurred on the presentation was ₦40,000.00 only, resulting to an overpayment of ₦360,000.00. The Permanent Secretary had been informed of the discrepancy and he was requested to recover the sum of ₦360,000.00 from the officer, forwarding recovery particulars for audit verification.

5.4 An officer of the Ministry was granted a personal advance of the sum of ₦10,000,000.00 on the 22nd May, 2007 to enable him prepare for the meeting of the Lake Chad Basin Commission in Abuja. Audit examination of the relevant payment voucher revealed that the "Memo" attached did not give the detailed breakdown and supporting documents of the ₦10,000,000.00 incurred on the Meeting contrary to the provision of the Financial Regulation No. 603. The Permanent Secretary has been requested to furnish the detailed breakdown of the ₦10,000,000.00 together with the supporting documents for audit verification.

5.5 A Consultancy company was paid the sum of ₦3,164,499.16 on the 30th March, 2007 as consultancy fees for supervision of construction of Hadejia Valley Irrigation Project phase 1 in Jigawa State. Audit examination of the payment voucher revealed that the relevant contract Agreement for the award of the contract

was not attached to authenticate payment, contrary to the Financial Regulation Nos. 603 and 2934(i). The Permanent Secretary has been asked to produce the relevant contract agreement for audit verification.

5.6 At the Central Pay Office of the Federal Ministry of Agriculture and Water Resources (Agric Sector), a sum of ₦3,629,908,044.26 was reflected in the Cash Book as total salary payment for the staff in year 2007 while for the same period the Vote Book reflected a cumulative salary payment of ₦3,375,511,677.26. The comparative figure showed a difference of ₦254,396,367.00 which could not be substantiated. The Permanent Secretary has been asked to explain the anomaly.

5.7 A total of ₦512,823,551.00 granted as Personal Advances to 668 officers of the Ministry between year 1991 and December, 2007 had remained unretired as at the time of this report in June 2008 contrary to the Financial Regulations No. 1705 and 1719 which stipulate retirement immediately such advance has been fully utilized. It was also observed that 66 officers among these 668 officers were granted more than 3 personal advances which still remained unretired. The Permanent Secretary has been asked to recover in full the advances from the affected officers, forwarding recovery particulars for audit verification.

5.8 At Federal Ministry of Agriculture and Rural Development, South East/South South Zone, Owerri, Imo State, a special audit inspection conducted on 8th May, 2007 showed that 3 (three) No. new Massey-Ferguson tractors, which appeared in the Zonal Distribution List were not accounted for at the time of audit visit. Also 12 (twelve) no new trailers, which were part of 132 trailers allocated to Owerri Office of the Ministry, were missing as at the time of audit inspection on 8th April, 2008. The Permanent Secretary has been informed of the missing Tractors and Trailers for his comments.

5.9 An officer was paid an advance of ₦4,350,200.00 on 26th April, 2007 to enable her pay for National Sensitization Workshop on Borehole Data Inventory. The cost implication of the total expenses on the project was found to be ₦4,470,200.00 and not ₦4,520,200.00 as approved by the Permanent Secretary resulting to an overpayment of ₦120,000.00 to the officer. The Permanent Secretary has been asked to recover the overpayment from the officer, and forward recovery particulars for audit verification. All the irregularities have been conveyed to the Permanent Secretary for his prompt action.

FEDERAL CIVIL SERVICE COMMISSION

5.10 During the audit examination of accounts and other records maintained at the Federal Civil Service Commission, Abuja, it was observed that sixty-nine (69) Commissionaires were paid a total sum of ₦743,330.00 as wages on a payment voucher dated 29th January, 2007. Audit scrutiny of the payment voucher revealed that there was no documentary evidence to authenticate the payments contrary to

Financial Regulation No. 603. The Permanent Secretary has been asked to produce the documents for audit verification or recover the sum of ₦743,338.00 from those concerned, forwarding recovery particulars for audit verification.

5.11 The sum of ₦305,933.91 was paid by the Commission to Power Holding Company of Nigeria (PHCN) between April and June, 2007 for the settlement of electricity bill for the months of March and May, 2007. The vital supporting document i.e. a copy of the paid PHCN bill was not attached to the payment voucher contrary to the provisions of the Financial Regulations No. 603(i). The Permanent Secretary has been requested to produce the documents for audit verification, in the alternative recover the sum of ₦305,933.91 from the officer concerned, forwarding recovery particulars for audit verification.

5.12 A total sum of ₦1,100,000.00 was paid to a contractor in June, 2007 without deduction of the mandatory 5% Value Added Tax totalling ₦55,000.00 as required by Financial Regulation No. 334 and Vat Act No. 102 of 1993, thereby resulting into loss of revenue to the Federal Government. The Permanent Secretary has been requested to make efforts to recover the sum of ₦55,000.00 from the affected company for remittance to Federal Inland Revenue Services and receipt particulars forwarded for audit verification.

5.13 During the audit examination of payment vouchers raised during the period February to November 2007, it was discovered that seventy-one (71) payment vouchers under Recurrent Expenditure account totalling ₦28,955,745.60 were not produced for audit verification. Consequently, the expenditure incurred on them could not be regarded as a legitimate charge against public funds.

5.14 Personal Advances granted to fifty-nine (59) officers between September, 2005 and December, 2007 for mount totalling ₦30,045,117.63 were not retired contrary to the provisions of the Financial Regulation No. 1705 which stipulate that, all advances should be recovered promptly on conclusion of the purpose for which the advances were granted, in default of which the amounts outstanding should be recovered from the defaulting officers' salaries. The Permanent Secretary has been asked to ensure that the advances are recovered immediately and recovery particulars forwarded for audit verification.

FEDERAL MINISTRY OF COMMERCE AND INDUSTRY

5.15. During the audit examination of the accounting and other records of the Federal Ministry of Commerce and Industry, Abuja, it was observed that tax deductions totalling ₦30,492,471.91 comprising PAYE of ₦923,159.36 and Withholding and VAT ₦29,569,312.55 were not remitted to FIRS from January to December, 2007. For a separate amount of ₦31,882,841.87 claimed to have been remitted, no receipt issued by FIRS was presented to authenticate the claim. This is

contrary to the provisions of both Financial Regulation No. 334 and VAT Act No. 102 of 1993.

The Permanent Secretary was asked to remit these money and submit FIRS receipts for proof of remittances to my office for audit verification.

5.16 A total of ₦141,099,309.69 in respect of Cash Advances granted to staff of the Ministry remained unretired for the year under review, contrary to the provision of Financial Regulation No. 1705, which stipulate that "all advances taken must be retired immediately after the services for which they were granted have been completed". The Permanent Secretary has been asked to ensure prompt retirement of these outstanding cash advances and to encourage compliance with the FR provision that cash advances should be retired within 7 days of completion of such assignments. The recovery particulars should be forwarded to my office for verification.

5.17 A sum of ₦6,000,000.00 was allegedly paid to a firm of Consultants to organize Public Service Reform Implementation course in June, 2007. The consultant acknowledged only ₦1,800,000.00. The Permanent secretary has been informed of the discrepancy and was asked to produce the remaining receipts issued by the Consultant or in the alternative account for the balance of ₦4,200.000.00.

5.18 A contract for the external work at Enugu International Trade Fair complex lot II was awarded on the 16th November, 2006 to a contractor for the sum of ₦16,168,983.60 with 12 weeks completion time. As at the time of audit inspection, the contractor had abandoned the work after collecting a total sum of ₦11,230,960.15 i.e (about 69.46% of the contract sum), leaving a balance of ₦4,438,023.45. It was also observed that the level of work done fell below the amount collected by the contractor. The Permanent Secretary has been requested to recall the contractor to site to complete the work or recover the amount paid so far from the contractor, forwarding recovery particulars for audit verification.

5.19 The Commodities and Export Trade Department of the Ministry was paid the sum of ₦14,993,100.00 for staff training and reimbursable under the Establishment of Nigeria commodities Exchange and Future Market. The payment was actually made in 2007 instead of 2006 financial year. Furthermore, the lists of beneficiaries of the training programme and those to be reimbursed were not attached to the relevant payment voucher to authenticate payment, contrary to Financial Regulation No. 603. The Permanent Secretary has been asked to justify this payment by producing the relevant documents or effect a refund of ₦14,993,100.00 to government treasury, quoting recovery particulars for audit verification.

5.20 It was observed that a consultant submitted a proposal for a two (2) week study tour to the united States of America to expose top Management Staff of the Ministry on ways of encouraging and sustaining the Development of

Industrial/Commercial activities especially at the small and medium scale level. The study/tour was to cover the cities of Washington DC., Atlanta Georgia and Dallas Texas between the period of 17th – 20th June, 2007. Audit investigation revealed that the payment was made in British Pound Sterling instead of US dollars. The payment should have been $4,950 x ₦128 x 7 = ₦4,435,200.00 and not £4,950 x ₦250 x 7 = ₦8,662,500.00. This has resulted in an overpayment of ₦4,227,300.00 being the difference in exchange rate. Audit request to the Permanent Secretary to effect a refund of this excess payment from the payees was not attended to at the time of compiling this Report.

5.21 Examination of the accounting and other records maintained by the Federal Ministry of Commerce, Jalingo, Taraba state, revealed that the unspent balance of ₦391,186.97 on Personnel Emolument Costs for the period ended 31st December, 2007 was not accounted for during audit inspection. There was no evidence produced to show that the balance was paid back to treasury and receipt obtained as required by the Financial Regulation No. 513 which stipulates that "the authority for recurrent expenditure conveyed by any of the Warrants lapses at the end of the Financial year to which it relates". The attention of the Permanent Secretary has been drawn to the anomaly and he was requested to explain why the extant regulation was not complied with.

5.22 During the audit examination of accounting and other records maintained at the Weight and Measures section of the department at the Birnin Kebbi office, Kebbi State, it was observed that a total of ₦276,000.00 arrears of statutory fees outstanding against 23 service stations (Main and Independent Marketers) between two to seven years were yet to be collected as at the time of audit in March 2008 contrary to the provisions of Weight and Measure Act 467. Audit investigation revealed that the marketers deliberately refused to honour the payment of the fees to Government.

The Permanent Secretary was requested to ensure that the sum of ₦276,000.00 together with the arrears and appropriate penalties are collected from the defaulters, forwarding recovery particulars for audit verification.

5.23 At the time of audit inspection in August 2008, the Ministry's Bank Reconciliation Statements for the month of January to December, 2007 were found defective. Out of 95 cheques and 3 COTs with amounts totalling ₦36,390,193.33 recorded as unpresented in an account maintained with a commercial bank in Abuja as featured in the Bank Reconciliation Statement for December 2007, 21 cheques issued between 4th September, 2006 and 7th June, 2007 with amounts totalling ₦2,306,105.26 had become stale and should have been written back to chest in accordance with extant regulation. The Permanent Secretary has been asked to correct these irregularities and to inform my office accordingly.

5.24 20 items totalling ₦13,485,606.96 which represent direct lodgments into the Ministry's recurrent account with same Bank in Abuja between 13th June, 2006 and

18th October, 2007 were continually featured in the Bank Reconciliation Statement from January to December, 2007 as credits in Bank not in the Cash Book, instead of being investigated and cleared. Out of these lodgments, some were direct cash lodgments which ought to have been received into the Cash Book before lodgments into the Bank.

5.25 31 items totalling ₦1,739,606.96 most of which were charges by the bank between 7th July, 2006 and 31st October, 2007 were continually featured as debits in Bank not in the cash book instead of being investigated and cleared in the months following its occurrence. Moreover, public sector organizations are forbidden from operating bank accounts on which Commission on Turn-over (COT) are charged by the Bank as provided for in Federal Treasury circular No. A4/B4 of 26/6/2001.

All the irregularities have been conveyed to the Permanent Secretary for appropriate action.

MINISTRY OF CULTURE, TOURISM AND NATIONAL ORIENTATION

5.26. The audit examination of the accounting and other records of the Ministry of Culture, Tourism and National Orientation revealed that 9 No payment vouchers raised and paid for amounts totalling ₦1,073,591,678.95 for various services during the year under review were not produced for my examination, contrary to the provisions of the Financial Regulation No.601 which stipulates that "All payment entries in the accounts must be vouched for in one of the prescribed forms…". Under no circumstance should a cheque be raised or cash paid for services for which a voucher has not been raised". As I can not satisfy myself that expenditures incurred on these vouchers were legitimate charges against public funds, I have requested the Permanent Secretary to please produce the vouchers for audit examination.

5.27 Also, another ten (10) payment vouchers raised and paid to five (5) Travel Agents, two (2) Insurance Companies, two (2) officers of the Ministry as advances and (1) one officer for the production of plagues and certificates between 16th February, 2007 and 8th June, 2007 for the total sum of ₦16,919,930.85 were not supported with the relevant official receipts such as Internal Air Tickets and other vital documents from the purported contractors/companies and individual officers of the Ministry as evidence of payments contrary to the Financial Regulation No. 603. On account of this, the expenditure incurred cannot be accepted as a proper and legitimate charge against public funds. The Permanent Secretary has therefore been requested to produce the various documents for audit examination.

5.28 A payment voucher dated 4th May, 2007 in favour of a Travel Agent in Abuja for the payment of International Air Tickets for six (6) persons for amounts totalling

₦1,218,388.00 was not posted into the cash book. Consequently, the Cash Book balance was overstated by the same amount. The Permanent Secretary has been informed of the irregularity and he has been requested to ensure that they are regularized accordingly.

5.29 Audit examination of the store records in the year under review revealed that various payments for supplies such as furniture and stationery items valued at ₦2,731,850.00 paid to 5 (five) contractors were not taken on store ledger charge contrary to the provisions of the Financial Regulations 2206 which stipulates that "proper store ledger must be maintained to record all receipts and issues from stores". The Permanent Secretary has been requested to comment on these anomalies and his action is being awaited.

5.30 The examination of the Personal Advances Register in the year under review indicated that advances to the tune of ₦15,884,425.00 granted to 27 members of staff remained outstanding as unretired even as at the time of audit inspection in September, 2008 contrary to the Financial Regulations Nos. 1705 and 1719. Efforts should be made to recover these advances in full from the affected staff, forwarding recovery particulars for audit verification. The matter has been brought to the notice of the Permanent Secretary for necessary action.

5.31 It was also observed while examining the Bank Reconciliation Statements prepared by the Ministry for the Overhead Cost Account No 11 for the month of December, 2007 that 23 outstanding items totalling ₦887,211.14 which featured as payment in Bank not in the Cash Book. One of these cheques was issed to a company for ₦315,000.00 since February, 2007, and should have been investigated and cleared from the account. The Permanent Secretary has been requested to investigate and clear the outstanding issue, and inform me accordingly.

5.32 Furthermore, the audit examination of the Bank Reconciliation Statements prepared by the Ministry in respect of the Overhead Cost Account 11 for the month of December, 2007 revealed that 26 of the unpresented cheques totalling ₦962,500.00 have become stale, as they were mainly issued to the Federal Inland Revenue Service as far back as 28th December, 2006 and ought to have been written back into cash book in accordance with extant rules.

5.33 The implication of this deliberate violation of the regulation is that the taxes meant for Tax Authority were spent along with the ministry's statutory allocation, while the Financial Regulations 34 stipulate that "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same".

5.34 On account of this, the Permanent Secretary has been requested to ensure that:-

(i) The stale cheques be written back to chest.
(ii) The amount of ₦962,500.00 due to the Federal Inland Services as taxes should be remitted to it and inform my office of the receipt particulars for audit verification.

All the irregularities have been conveyed to the Permanent Secretary for prompt action.

MINISTRY OF DEFENCE

5.35. During the audit of the accounting and other records maintained at the Ministry of Defence, Headquarters, Abuja, and its Units, it was observed from the examination of the accounting records kept by Defence Adviser at the Embassy of Nigeria, Cotonou, Republic of Benin that 24 payment vouchers for US$733,980.60 or CFA24,700,000.00 totalling ₦15,382,208.30 were paid for various store items, works and services. However, the relevant supporting documents such as bills, receipts, invoices, minutes of approval, evidence of payment to the beneficiaries etc necessary to authenticate the genuineness of these expenditures were neither attached to the payment vouchers nor produced for verification, contrary to the Financial Regulation No. 603 which stipulates that "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any documents and will invariably be supported by relevant documents such as Local Purchase Orders, Invoices, Special Letters of authority, time sheets, etc". The Permanent Secretary has been intimated with the anomalies and requested to furnish the relevant supporting documents for audit verification.

5.36 During the examination of the accounts and other records of the Office of the Defence Adviser of the Embassy of Nigeria, Chad, Niger Republic, it was observed that 3 payment vouchers for amounts totalling (CFA141,590,525) ₦34,210,526.00 were paid for items such as office and home equipment and fittings, refrigerators, TV sets, gas cooker and 4 No. generators. The following anomalies were noted:-

(i) All the items were not taken on store ledger charge contrary to Financial Regulation No. 2206.
(ii) All payments made to the contractors were done in cash instead of crossed cheques marked "Account Payee only" contrary to Financial Regulation Nos. 3163, 616 and 814
(iii) Detailed description on the vouchers in terms of size, make, quantity, unit price and horsepower or KVA of the items supplied were not indicated.

In the absence of these vital information, I find it difficult to accept the huge expenditure as a proper and legitimate charge against public fund. The deficiencies

observed have been communicated to the Permanent Secretary for necessary action.

5.37 At the Office of the Defence Adviser, Nigeria High Commission, Harare, Zimbabwe, a total sum of (US$156,600) ₦20,517,206.45 was paid through twelve (12) payment vouchers raised between January and June 2007 as settlement of field intelligence operatives and security information agents. There was no sub-receipts attached to show the details of the beneficiaries, signatures, dates and amount due to each of them contrary to Financial Regulation No. 613. The Permanent Secretary has been requested to furnish the detailed list of beneficiaries, their signatures, date and amount due to each of them in accordance with the extant regulation, otherwise the expenditure incurred will not be accepted as a legitimate charge against public fund.

5.38 Also, at the Office of the Defence Adviser, Embassy of Nigeria, Yaoundé, Cameroon, the examination of 35 payment vouchers raised between February and December, 2007, and paid in the office for amounts totalling ₦13,130,150.11 were not supported with the relevant documents such as receipts, invoices, list of beneficiaries, minutes of approval contrary to the provisions of the Financial Regulations 603.

The Permanent Secretary has been requested to provide the supporting documents, otherwise the expenditure will not be accepted as a proper and legitimate charge against public funds.

5.39 During the audit examination of the accounting and other records maintained at the Office of the Defence Adviser, Nigeria Permanent Mission, New York, United States, it was noted that 13 payment vouchers for amounts totalling ₦18,959,960.54 ($144,095.70) were raised and paid between February and June, 2007 to two officers as allowance and peace keeping without the breakdown of expenditure and relevant supporting documents in contravention of Financial regulations 603. The Permanent Secretary has been requested to produce these vital documents or in the alternative, recover the sum of ₦18,136,014.48 from the affected officers, forwarding the recovery particulars for audit verification.

5.40 A total sum of ₦9,365,135.77 ($71,175.04) was paid to 12 twelve officers of the office as “Special Agent Allowance” in January, April and June 2007 and described as “Special Agent Allowance”. The Permanent secretary has been requested to forward the relevant supporting documents and authority for the expenditure and to explain what constitutes “Special Agent Allowance”, otherwise the expenditure cannot be accepted as a proper and legitimate charge against public funds.

5.41 192 payment vouchers paid from the Recurrent Expenditure vote of the Ministry of Defence Headquarters, and 24 Capital Expenditure payment vouchers for the amounts of ₦9,294,276,516.14 and ₦6,199,351,103.42 respectively, all totalling

₦15,493,627,619.56 were not produced for audit inspection at the time of audit visit to the Ministry in July 2008. The Permanent Secretary has been asked to produce the vouchers to authenticate the payments otherwise, the expenditure incurred will not be accepted as a proper and legitimate charge against public fund.

5.42 The examination of the Monthly Transcripts of Account prepared by the Ministry of Defence Headquarters, revealed that the Capital Expenditure payments were overstated in the transcript of Account for the month of January 2007 by ₦52,415,341.30 under three(3) sub-heads as shown below:-

Item	Description	Cash Book ₦	Transcript Figure ₦	Difference ₦
1.	Communication Equipment	497,000,000.00	546,700,000.00	49,700,000.00
2.	Maintenance of Motor Vehicle	11,917,800.00	13,109,580.00	1,191,780.00
3.	Rehabilitation of Sporting Facilities	15,235,612.84	16,759,174.14	1,523,561.30
			TOTAL	**₦52,415,341.30**

As a result of the overstated amount the Monthly Transcript of Account of the Ministry submitted to the Office of the Accountant-General of the Federation has been distorted as it would not disclose the proper expenditure incurred by the Ministry during the month. Similarly, a comparison of the monthly cash book closing balances with the monthly transcript closing balances revealed a difference totalling ₦5,390,401.53 within four(4) months in the year 2007. The monthly balances of the cash book ought to agree with the monthly transcript balances in order to represent a true and fair view of the Ministry's financial position. The anomaly has been communicated to the Permanent Secretary who was requested to ensure that the anomalies are rectified accordingly.

5.43 During the examination of the payment vouchers at the Ministry of Defence, Headquarters, it was observed that 9 contract payment vouchers amounting to ₦2,980,768,218.51, each of which exceeded ₦5 million in value, were awarded and fully paid to the various contractors between January and August, 2007 without referring the certificates releasing the final payments to the representative of the Auditor-General for the Federation to co-sign, in accordance with Federal Ministry of Finance Circular reference No. 15775 dated 27th June 2001 which stipulates that "as a condition for final payments for contracts exceeding ₦5 million, the Auditor-General or his representative in the Ministry must co-sign the certificate releasing the final payment". The matter has been referred to the Permanent Secretary for his comment on the violation of the extant regulation.

5.44 At the Ministry of Defence, Headquarters, Abuja, examination of a payment voucher dated 10th June, 2007 for the sum of ₦3,400,000.00 was purportedly paid to 340 officers as duty tour allowances for participating in the promotion interview conducted by the Accountant-General within the period of 5th – 8th June, 2006. This

colossal amount was disbursed without the list of the beneficiaries, rank and their signatures which ought to be appended against the amount collected by each beneficiary contrary to Financial Regulation No. 603 to authenticate payment. Efforts should be made to furnish my Office with the list of all the beneficiaries, showing names, ranks, signatures and amount collected by each beneficiary, otherwise the sum of ₦3,400,000.00 cannot be accepted as a proper and legitimate charge against public funds. The Permanent Secretary has been informed about the anomaly and his response is being awaited.

5.45 During the examination of the accounting and other records maintained at the Cash Office, Ministry of Defence, Headquarters, Abuja, it was noted that a total sum of ₦557,241,602.02 and ₦16,371,174.35 being Value Added Tax (VAT) and Withholding Tax (WHT) respectively, were deductions from payment vouchers between March and December, 2007 which were said to have been paid to various banks but were not acknowledged by the appropriate tax offices. The Permanent Secretary has been asked to produce the relevant receipts for audit verification.

5.46 Similarly, a total sum of ₦6,194,980.12 and ₦6,958,490.96 equal to ₦13,153,471.08 were deductions from payment vouchers on VAT and WHT respectively for the same period but there were no bank tellers produced to confirm payment and relevant Treasury Receipts from appropriate tax offices were also not seen to confirm acknowledgement of receipt. Without the relevant documents, it will not be possible for me to confirm that these statutory deductions have been paid to the relevant tax authority as required y the VAT Decree No. 102 of 1993 and Financial Regulation No. 334. The Permanent Secretary has been requested to comment on the anomaly and forward proof of payment and acknowledgement of receipt by the tax authority to my office for audit verification.

5.47 116 No. payment vouchers for amounts totalling ₦120,907,150.00 were raised and paid as personal advances to members of staff of the Ministry for services that should have been contracted out. The practice of granting personal advances to staff in excess of ₦100,000.00 contravened the provision of Treasury Circular No. TRY/A5 and B5/2001 reference No. OAGF/TS/W5/111/222 of 7/11/01; Financial Regulation No. 2303, and Public Procurement Act 2007. The practice of granting personal advances for procurement of items instead of contract awards has denied the Federal Government a total revenue of ₦12,090715.00 derived from 5% VAT and 5% WHT respectively. The Permanent Secretary has been informed of the anomalies for his comments.

5.48 29 payment vouchers with various amounts totalling ₦26,953,500.00 were paid before being audited by the Ministry's Internal Auditors contrary to the provision of the Financial Regulation No. 2005 which require that "The Head of the Internal Audit Unit in all Ministries/Agencies shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment". The practice confirmed that the internal control system in the Ministry is not effective and

could lead to loss of public fund if not strengthened. The deficiency has been reported to the Permanent Secretary asking him to rectify the situation.

NIGERIA ARMY

5.49 During the audit examination of the accounting and other records maintained by the Nigerian Army, it was observed at the Nigerian Army Headquarters, Directorate of Army Operation, UCA 125, Abuja, that 15 payment vouchers for 27 officers for amounts totalling ₦22,669,722.70 were paid in March, 2007 for overseas training and Conferences/Seminars without the relevant documents such as receipts, air-tickets etc. produced for audit examination, contrary to Financial Regulation No. 603. The Permanent Secretary has been requested to produce the documents for audit examination.

5.50 At the Headquarters, 82 Division of the Nigerian Army, Enugu, MIL 88, a sum of ₦166,034,083.00 was purported to have been received from Command and Finance Office in January, 2007; for which Army Receipt No. NA/P/3067 dated 26/1/07 was issued and endorsed by an Army captain. The Permanent Secretary has been requested to explain why the receipt of the sum was not properly documented and the whereabout of the money was neither disclosed nor accounted for.

5.51 At the Headquarters of Nigerian Army Finance Corps, Apapa, Lagos, a total sum of ₦15,990,000.00 was paid to a company in November for the maintenance and improvement of a Golf Course in Fairway Kachia, Kaduna state, without adequate supporting documents, such as price bill of quantities, invoices, completion certificates and letter of awards. In the absence of these documents, I cannot confirm that the project was actually executed according to specifications, and that the payment made is a proper and legitimate charge against public fund. The Permanent Secretary has been requested to produce the relevant documents, otherwise recover the sum of ₦15,990,000.00 from the contractor, forwarding recovery particulars for audit verification.

5.52 At the Headquarters NAFC, Abuja it was observed that a total sum of ₦1,649,500.00 out of the total sum of ₦3,765,500.00 paid on four payment vouchers, was released in September, 2007 to the Headquarters Nigerian Army Finance Corps, Abuja, for the airlift of officers to different parts of the country. Audit scrutiny of the payment vouchers and supporting documents produced revealed that none of the receipts issued was entered into the Cash book or supported by a receipt voucher, contrary to Financial Regulations No. 320(1) requiring that monies collected and receipted on behalf of government must be promptly entered in the cash book and every entry will be supported by a receipt voucher. The Permanent Secretary has been requested to comment on the irregularity and to submit a detailed statement of account for the money received.

5.53 At the Army Headquarters, Directorate of Army Administration, Abuja, 50 payment vouchers raised and paid in September 2007 for amounts totalling ₦4,660,530.00 were not produced for audit examination. As I cannot confirm that the expenditures incurred on these vouchers are proper and legitimate charge against public fund, the Permanent Secretary has been requested to produce payment vouchers for audit examination.

5.54 At the Nigerian Army, 3rd Armoured Division, Jos, Plateau State, it was noted that a total sum of ₦3,000,000.00 was paid on two payment vouchers dated 30th January and 27th March, 2007 in the sum of ₦1,500,000.00 each in respect of computer running cost for the months of January and March, 2007. A scrutiny of the payment vouchers and their supporting documents revealed that the total expenditure incurred was ₦746,600.00 as against the sum of ₦3,000,000.00 purportedly spent for the exercise, leaving a balance of ₦2,253,400.00 unaccounted for. The unspent balance of ₦2,253,400.00 should be recovered and paid into government coffers while recovery particulars forwarded for audit verification. The Permanent Secretary has been informed of the anomaly and he has been requested to investigate the matter thoroughly with a view to taking the appropriate action.

5.55 At the Nigerian Army, Infantry Courses Centre School, Jaji, Kaduna, Kaduna State, a total sum of ₦7,392,000.00 was noted to have been paid in cash to an officer for the purchase of various store items in June, 2007. It is however, disturbing to note that this huge sum could be paid as cash advance and for purposes that would have been achieved through the issuance of Local Purchase Order as stipulated by the Treasury Circular A5 and B5/2007 which states that advance shall not be used in place of LPO and that all procurement of stores and services costing ₦100,000.00 shall only be made through contracts. This therefore constituted a loss to the Federal Government of revenue that should have arisen from non payment of 5% VAT and 5% Withholding Tax amounting to ₦739,200.00 on the transactions.

5.56 Moreover, it was revealed that the materials purported to have been procured were not taken on Store Ledger charge as required by the provisions of the Financial Regulations 2402. The Permanent Secretary has been requested to produce evidence that the items were actually purchased and issued out formally for official use, otherwise the sum of ₦7,392,000.00 should be recovered from the officer and recovery particulars forwarded for audit verification. His response is being awaited.

5.57 At the Headquarters of Nigeria Army Finance Corps (HQ/NAFC), Apapa, Lagos State, it was observed that an amount totalling ₦11,775,191.00 kept occurring in the Monthly Bank Reconciliation statement (Capital A/C) as “debit in Bank not in the Cash Book”. No specific reason was given as to why the Ministry could not thoroughly investigate the entry and bring it into the cash book as required by Financial Regulation No. 207. The matter has been brought to the attention of the Permanent secretary and he has been requested to comply with the provisions of

the Financial Regulations accordingly and inform my Office about the outcome of the investigation.

5.58 At the Headquarters of Nigerian Army Finance corps (HQNAFC) Apapa, Lagos, Lagos State, three payment vouchers for amounts totalling ₦6,120,300.01 paid in March, 2007 were not produced for audit examination. The payment vouchers should be produced for audit examination, otherwise the expenditure incurred on such vouchers will not be accepted as a proper and legitimate charge against public funds. The attention of the Permanent Secretary has been drawn to the anomalies.

5.59 At the Directorate of Army Logistic (AHQ DOACL), Abuja, payments were made to Power Holding Company of Nigeria (PHCN) in January, 2007 to the tune of ₦2,850,000.00 on (5) five payment vouchers without PHCN bills attached duly supported by authenticated receipts for the payment of ₦2,850,000.00 for electricity consumption. In the absence of these vital documents, I cannot accept the expenditure of ₦2,850,000.00 as a proper and legitimate charge against public funds. The Permanent Secretary has been asked to produce these documents, otherwise recover the sum of ₦2,850,000.00 from the officers concerned, forwarding recovery particulars for audit verification.

5.60 At the 22nd Amphibian Brigade Headquarters, (end Battalion) Port Harcourt, Rivers State, the store officer refused to show up several times for audit examination of the store records despite the fact that he was informed each time ahead of time. It was the same case at 82 Armoured Sub-Depot, Port Harcourt where the Accountant also failed to produce his books for audit, contrary to Financial Regulation No. 105. The matter was reported to the Permanent Secretary for his comments.

5.61 At Headquarters 34, AB Finance & Accounts, Owerri, Imo State, it was observed that the sum of ₦12,000,000.00 was paid to 341 AR NA Ogoja for "Movement to Sudan". A scrutiny of the payment vouchers revealed that vital supporting documents such as receipts, invoices etc were not attached to confirm payment. The only document attached was a letter dated 16/4/07 addressed to the Finance officer. This is not sufficient to authenticate the payment. The Permanent Secretary has been requested to produce the breakdown of expenditure supported by vital documents for audit verification.

5.62 During the audit examination of the accounting and other records of the Army Training School of Electrical and Mechanical Engineering Headquarters (NEMES), Auchi, Edo State the following anomalies were observed:-

(i) A scrutiny of the Bank Reconciliation Statement revealed that the sum of ₦515,223.00 was withdrawn from the school Bank Account between May and September, 2006 using (3) three cheques. These withdrawals were conspicuously reflected in the Bank Statement without any corresponding

credit entry in the Cash Book supported by valid payment vouchers. The Permanent Secretary has been requested to investigate the unusual withdrawals and inform me accordingly.

(ii) Some military officers were purportedly paid the sum of ₦800,000.00 as course allowance in May, 2006. The audit examination of the relevant payment voucher however, revealed that the beneficiaries did not append their signatures contrary to Financial Regulations 613. This should be investigated to ensure that fraud was not perpetuated.

Nigerian Army Finance Corps (HQ NAFC) Apapa, Lagos

5.63 At the Headquarters of the Nigerian Army Finance Corps, Apapa, Lagos state the sum of ₦15,990,000.00 was paid to a company on two payment vouchers raised on November, 2007 for the maintenance and improvement of plumbing works at NACAs 18 Hole Golf Course Fairway, Kachia, Kaduna State. These vouchers were not supported by vital documents such as priced Bill of Quantities (PBQ), invoices, scope of work for the project, letters of award and completion certificates to authenticate the payment, contrary to Financial Regulation No. 603. The anomalies have been conveyed to the Permanent Secretary and was asked to produce the documents for audit verification, otherwise, I cannot certify that the expenditure incured was a proper and legitimate charge against public fund.

All the foregoing anomalies have been communicated to the Permanent Secretary for prompt action.

NIGERIA NAVY

5.64 At the Nigerian Navy Headquarters, Abuja the examination of accounting records maintained revealed that thirteen (13) No. payment vouchers relating to personnel cost for amounts totalling ₦39,768,418.00 were not presented for audit examination, contrary to Financial Regulations. As I cannot confirm the expenditure incurred on such vouchers as proper charges against public funds, the Permanent Secretary has been asked to please produce them for audit examination.

5.65 Eight (8) payment vouchers, all raised and paid in July 2007, relating to capital projects executed by contractors for various amounts totalling ₦50,293,326.84 were not supported by relevant documents such as contract agreements, receipts, invoices, priced bill of quantity, store receipt vouchers and completion certificate, contrary to Financial Regulations 603. Hence, I could not confirm that the contracts were executed in accordance with approved specifications. The Permanent Secretary has been asked to produce the supporting documents for audit examination, otherwise recover the amount of ₦50,293,326.84 involved, from the affected contractors and furnish my office with recovery

particulars for audit verification. The anomaly has been conveyed to the Permanent Secretary for his comments.

5.66 At the Nigeria Navy Shipyard, Port-Harcourt, Rivers State, it was observed that 7 payment vouchers raised and paid in March, June, July and August, 2007 to two companies for amounts totalling ₦4,393,200.00 were not supported with relevant documents, such as receipts, bills, Store Receipt Vouchers, Store Issue Vouchers etc. contrary to Financial Regulation No. 603, consequently, I cannot confirm that the payments made on them were proper charges against public funds. The Permanent Secretary has been asked to produce the documents for audit examination.

5.67 It was noted in the course of physical verification of projects at the Nigerian Naval Shipyard Port-Harcourt, Rivers state that the underlisted contracts for which a total sum of ₦196,949,487.00 was appropriated and paid were abandoned:-

(i) Construction of 6x1 Bedroom studio flats at NNSY P/H – ₦18,994,487.00
(ii) Rehabilitation of shipway 2 at NNSY P/H – ₦39,500,000.00
(iii) Sinking of 2 Boreholes equipped with 16.5 KVA Generator Set, surface tank with support and other accessories and water treatment plant at NNSY/PH – ₦17,955,000.00
(iv) Supply/Construction of trolley for ship yard jetty 2, P/H – ₦120,500,000.00.

The issue of these abandoned contracts has been brought to the attention of the Permanent Secretary who has been requested to take steps to get the contractor back to site to execute the contracts to completion or in the alternative refund the monies paid to them without further delay.

5.68 At the Nigerian Navy Mechanical Centre, Borokini, River State, 3 payment vouchers for various amounts totalling ₦1,676,000.00, all raised on the 28th August and 28th September, 2007 and paid to Nigerian Navy Medical Centre, without the relevant supporting documents such as, receipts, bills, invoices and details of expenditure, contrary to Financial Regulations 603. Consequently, I could not confirm that the expenditure incurred on the payment vouchers are proper and legitimate charges against public fund. The Permanent Secretary has been requested to produce the documents for audit examination.

All the issues raised above have been communicated to the Permanent Secretary for prompt action.

NIGERIA AIR FORCE

5.69. During the audit examination of the accounting and other records maintained at the Nigeria Air Force, it was noted at the Nigerian Air Force, Air Maritime Group (AMG), Benin, Edo State, that a sum of ₦3,750,000.00 was paid as cash advance for payment of legal fees on land administration services to the Federal Ministry of Housing and Urban Development, Edo State. This payment was not supported with evidence of assessment, call notice for payment and official receipt from the Ministry, to authenticate the payment. The anomaly has been communicated to the Permanent Secretary for his comments.

5.70 At the Nigerian Air force Headquarters Logistics, Ikeja, Lagos, it was noted that the sum of ₦16,000,000.00 was paid to the NAF Base Officers Mess for the construction of seven rooms and upgrading of Mess facilities. It was further noted that one year after the payment, the relevant documents such as Priced Bill of Quantities (BOQ), receipts, details of expenditure etc were not produced for audit inspection. These documents should be produced for audit examination or in the alternative, the total sum of ₦16,000,000.00 should be recovered with receipt particulars forwarded to me for verification. The attention of the Permanent Secretary has been drawn to these anomalies for his comments.

5.71 At the 28 Nigerian Air Force Logistics Command, Ikeja, Lagos State, a total sum of ₦3,352,670.00 was paid on six payment vouchers dated May, June and October 2007 as remittances to some units under the Command. There was no record of these remittances in the accounting records of the receiving units. Consequently, I could not satisfy myself that these payments were proper and legitimate charges against public fund. The Permanent Secretary has been requested to forward the relevant documents together with the detailed statement of account of the amount involved to me for audit verification.

5.72 At the Logistic Command Headquarters, Ikeja, Lagos State, it was observed that nine payment vouchers raised between July and October, 2007 for amounts totalling ₦14,098,980.00 were without supporting documents such as receipts, invoices, Priced Bills of Quantities (BOQ), store receipt vouchers, etc as required by the provisions of the Financial Regulation No. 603. It is therefore difficult for me to accept the expenditure incurred on such vouchers as a proper and legitimate claim against public fund. These documents should be produced for audit verification.

All the issues have been communicated to the Permanent Secretary for prompt action.

MILITARY PENSIONS BOARD

5.73. During the audit examination of the accounting and other records maintained at the Military Pensions Board, Abuja, it was observed that two (2) sub-heads of the

Recurrent Expenditure Votes were overstated in February and October, 2007 Monthly Transcripts of Account, while one sub-head for same vote was understated in the Monthly Transcript of Account for December, 2007 as follows:-

Month	Sub-Head	Amount in Transcript ₦	Amount in Cash Book ₦	Difference/ Remark ₦
Feb., 2007	Maintenance of Equipment	3,257,100.00	2,617,000.00	640,100.00(Over)
Oct., 2007	Office Materials	4,827,348.28	4,473,850.00	353,498.28(Over)
Dec., 2007	Conferences and Workshops	3,150,000.00	3,500,000.00	350,000.00(under)

The attention of the Permanent Secretary has been drawn to the irregularities reflected in the Monthly Transcript of Account submitted to the Office of the Accountant-General of the Federation and he was asked to rectify them accordingly.

5.74 All the payment vouchers raised and paid by the Board during the year under review were not stamped as "PAID" as required by the provision of the Financial Regulation No. 622 which stipulates that "Immediately after payment is made, the paying officer shall stamp the original voucher and all copies, all invoices, warrants or other supporting documents "PAID". Moreover, payment vouchers relating to supply of goods and services were not affixed with the postage stamp duty as required by Financial Regulation No. 620 and Stamp Duties Act CAP 411, Laws of the Federation of Nigeria.

The Permanent Secretary has been requested to rectify the anomalies by complying with the extant regulations.

FEDERAL MINISTRY OF EDUCATION

5.75 During the audit examination of the accounting and other records maintained by the Federal Ministry of Education, Headquarters, Abuja, it was observed that two Adjustment vouchers totalling ₦44,300,000.00 were raised in June and October, 2007 to retire Personal Advances granted to two members of staff in 2007 for the provision of services which should have been contracted out to consultants rather than executing the services through grant of personal advances. This therefore constituted a loss to the Federal Government of revenue arising from payment of 10% Consultancy Tax amounting to ₦4,430,000.00. The procedure adopted was also contrary to the Public Procurement Act 2007. The Permanent Secretary has been asked to explain why the extant regulations were not complied with.

5.76 An Adjustment Voucher for the sum of ₦14,951,000.00 was raised on 16th October, 2007 to retire a Personal Advance granted to a staff of the Ministry in 2007 for the implementation of Parents, Teachers and Schools excellence award which

took place on 27th May, 2007. Audit scrutiny of the adjustment voucher and the supporting documents revealed the following anomalies:-

(i) No evidence was produced to confirm that ₦380,000.00 out of ₦1,175,000.00 provided for "Verification and Confirmation Exercise" and paid to a company was judiciously used for that purpose, contrary to Financial Regulation No. 51 which stipulates that "All officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted"

(ii) A total sum of ₦5,421,252.00 spent for the provision of services and supplies should have been contracted out rather than executing the services and supplies through grant of Personal Advances, contrary to the Public Procurement Act, 2007 and Financial Regulation No. 2909(i).

The Permanent Secretary has been asked to explain why the extant regulations were not complied with.

5.77 A total sum of ₦31,807,931.00 was paid to an Hotel in Abuja as hotel bills between September and December, 2007 for the temporary accommodation of the two Honourable Ministers who were posted to the Ministry. However, it was noted that details of the total expenditure committed by the Ministry on accommodating the two Ministers in the hotel was not rendered by the Ministry for audit examination. The Permanent Secretary has been requested to submit a detailed statement of account in respect of the total money paid to the hotel in respect of the two Ministers temporary accommodation for audit verification.

5.78 Cash Advances totalling ₦2,515,548.00 was granted to a protocol officer of the Ministry on five (5) No payment vouchers at different times in 2007 to facilitate the tour of some top government officials in different parts of the country. Audit examination of the payment vouchers revealed that out of a total sum of ₦2,515,548.00 granted to him, he could not account for a total sum of ₦984,500.00 The Permanent Secretary has been asked to investigate the matter and recover the total sum of ₦984,500.00 not accounted for, from the officer and forward the recovery particulars for audit verification.

5.79 A sum of ₦1,350,000.00 was paid on 24th April, 2007 to a monthly Business Magazine, to run five colour pages of advertisement(s) on the programmes for the Ministry. However a copy of the March, 2007 edition of the Magazine where the advertisement was made could not be produced for inspection to justify the expenditure of such magnitude. The Permanent Secretary has been asked to justify the huge expenditure by producing a copy of Advert for audit verification.

5.80 A sum of ₦8,442,500.00 was granted to an officer on three payment vouchers as personal advance in November, 2007 for the purchase of office materials and printing of security documents for the Accounts Section. Audit investigation on the supply revealed the following anomalies:-

(i) Store Receipt Vouchers and Store Verifier's certificates were not produced to confirm that the materials were actually received and taken on store ledger charge, as required by the Financial Regulation No. 2206.

(ii) There was no formal approval from the Office of the Accountant-General of the Federation authorizing the printing of the security documents in contravention of the provisions of the Financial Regulation.

(iii) None of the materials supplied was received at the Accounts Department (the main user) nor were they sighted on demand at the time of Audit inspection.

The anomalies have been communicated to the Permanent Secretary who was asked to produce the relevant evidence to authenticate each of the various claims totalling the sum of ₦8,442,500.00.

5.81 97 No payment vouchers raised in April, 2007 for amounts totalling ₦253,510,251.17 were not produced for audit examination. On account of this, I find it difficult to accept the expenditure incurred on them to be a proper and legitimate charge against public fund. The Permanent Secretary has been asked to produce the vouchers for audit verification.

5.82 Personal advances totalling ₦60,176,364.00 which were granted to 33 officers of the Ministry in April, 2007 to execute certain jobs and render some services were yet to be retired as at the time of audit inspection in September, 2008. The Permanent Secretary has been requested to ensure immediate recovery of these advances from the personal emoluments of the affected officers in accordance with Financial Regulation No. 1719, forwarding recovery particulars for audit verification.

5.83 29 No payment vouchers raised between July and August, 2007 for amounts totalling ₦60,912,906.73 were not made available for audit inspection. It is therefore difficult to accept the expenditure on them as legitimate charges against public funds. The Permanent Secretary has been asked to produce these vouchers for audit examination.

5.84 A total sum of ₦3,330,466.80 was paid on 7 payment vouchers to 6 companies between July and August, 2007 for the repairs of motor vehicles maintained by the Ministry. Audit inspection of the Transport Section revealed that:

(i) Motor Vehicle Maintenance Register was not kept for the recording of maintenance work done from time to time.

(ii) Old Motor parts that were replaced could not be produced for inspection to confirm that they were actually replaced, contrary to Financial Regulation No. 2425.

The Permanent Secretary has been asked to look into these anomalies.

5.85 Seventy six (76) officers were granted personal advances totalling ₦79,736,229.50 for various purposes between May and December, 2007 and these advances were not retired at the time of audit inspection, contrary to the provisions of the Financial Regulations Nos. 1705 and 1719. The Permanent Secretary has been asked to recover the advances from the affected officers immediately and recovery particulars forwarded for audit verification.

5.86 Three hundred and sixty seven (367) payment vouchers for various amounts totalling ₦249,247,304.59 raised between April and December 2007 were not produced for audit examination. As I cannot therefore satisfy myself that the expenditure involved were properly charged against public funds, the Permanent Secretary has been requested to please produce the payment vouchers for audit verification.

5.87 An officer was granted 13 Cash Advances paid on 13 payment vouchers between 3rd and 29th September 2007 for amounts totalling ₦68,674,957.50 for various purposes between 3rd and 29th September, 2007. These advances were yet to be retired at the time of audit inspection in September, 2008 contrary to the provisions of the Financial Regulation Nos 1705 and 1709 which emphasized prompt retirement of advances granted to public officers. The Permanent Secretary has been requested to ask the affected officer to account for the total sum of ₦68,674,957.50, failing which the sum should be deducted from his personal emolument and recovery particulars forwarded for audit verification.

All the irregularities have been brought to the attention of the Permanent Secretary for prompt action.

Federal Government Girls' College, Kabba

5.88 There was no evidence to show that ₦3,017,115.36 tax deductions made from salaries of 100 officers of the college were remitted to State Inland Revenue Service contrary to Personnel Income Tax Decree 21 (Section 9.26; Sub-section 9.21) of 1998. The Permanent Secretary has been asked to ensure that the sum of ₦3,017,115.36 is paid to State Inland Revenue Service, forwarding the relevant Treasury Receipts for audit verification.

Federal Government Girls' College, Abuloma, Port-Harcourt

5.89 At the Federal Government College, Abuloma Port Harcourt, an examination of Personnel cost Vote Book revealed that there was an unspent balance of ₦1,936,397.24 as at the end of March, 2007 when the staff salary was transferred to Abuja. There was no evidence to show that the money had been paid back to chest, contrary to extant regulation 513. The Permanent Secretary has been requested to produce evidence that this amount was paid back to chest or else the sum of ₦1,936,397.24 should be recovered from the School's Principal, forwarding recovery particulars for audit verification.

Federal Government College Birnin-Yauri, Kebbi State

5.90 During the audit examination of accounting records maintained at Federal Government Girls College, Birnin-Yauri, Kebbi state it was observed that the sum of ₦1,971,463.96 being arrears of PAYE deducted from the salaries of the staff between May and December, 2007 was not remitted to the appropriate Authority as at the time of audit in February, 2008, contrary to extant regulations. The Permanent Secretary has been informed of the irregularity and was asked to produce FIRS receipts to confirm remittance of these deductions to the Tax Authorities.

Federal Government Girl's College, Jalingo, Taraba State

5.91 During the examination of the accounting records maintained at the Federal Government Girls' College, Jalingo, Taraba State, it was observed that the sum of ₦771,100.00 was paid to various officers of the College for the purchase of drugs, stationeries, motor vehicle parts, diesel etc. without the relevant supporting documents attached or produced for audit examination, contrary to Financial Regulation No. 603. The Permanent Secretary has been asked to produce the relevant bills, receipts, invoices, relating to these expenditures for audit verification, otherwise the amount should be recovered from the officers involved and paid back to the Treasury, forwarding recovery particulars for audit verification. The anomaly has been conveyed to the Permanent Secretary for prompt action.

5.92 Audit examination of the store records and documents maintained at the College's store, revealed that various items of food stuff, palm oil, fire wood etc. totalling ₦985,244.00 allegedly purchased for students' feeding between April and November, 2007 were not taken on store ledger charge in compliance with the Financial Regulation 2206.. The implication is that, it would appear as if the items mentioned above were not procured. The Permanent Secretary has been requested to direct the store officer to up-date his store ledger ready for audit verification. The observations have been brought to the attention of the Permanent Secretary for prompt action.

Federal Science And Technical College, Jalingo, Taraba State

5.93 During the examination of the accounting records maintained by the Federal Science and Technical College, Jalingo, Taraba State, it was noted that vrious items ranging from stationeries, drugs, food stuff etc totalling ₦1,048,365.00 were allegedly procured between February and September, 2007 for the use of the College. However, these items were not taken on store ledger charge as required by the Financial Regulation No. 2206. The matter has been communicated to the Permanent Secretary for prompt action.

Federal Government College, Wukari, Taraba State

5.94. The examination of the accounting records and other related documents of the Federal Government College, Wukari, Taraba State, revealed that amounts totalling ₦210,177.50 were described as receipts in bank not in the cashbook. These amounts ought to have been reconciled and written back to the cash book in accordance with extant regulation to avoid fraudulent withdrawal of the amount involved without notice. The matter has been reported to the Permanent Secretary for his prompt action.

Federal Government College, Buni-Yadi, Yobe State

5.95 At the Federal Government College, Buni-Yadi, Yobe state, it was observed that the sum of ₦412,057.00 was released for payment of the Civil Servant 4% increase in transport allowance for staff of the College for the period July – December, 2006. After necessary disbursements were made, there was an unspent balance of ₦95,913.26 yet to be paid back to chest as at the time of audit inspection in March, 2008, contrary to the Financial Regulation No. 513 which stipulates "that all balances of recurrent account at the end of the financial year must be paid back to the treasury". The school has been asked to produce evidence of payment into chest, for audit verification. The irregularity has been brought to the attention of the Permanent Secretary for prompt action.

Federal Ministry of Education, Inspectorate Service Damaturu, Yobe State

5.96 During the examination of the accounting records maintained at the Federal Inspectorate Service, Damaturu, Yobe State, it was observed that a Peugeot 504 Saloon Car with Registration Number FG 141 A)/7 Engine No. 106075601 and Chassis No. 504F8106075601 was found in a state of disrepair. Further observation revealed that the vehicle was in good working condition before it was parked and abandoned under shed for over three years without any effort made to repair the vehicle. However, because of the long period of parking, it has become uneconomical to repair it. The Ministry, should therefore board it in accordance with extant regulations and furnish the sale proceeds receipt for audit verification. The Permanent Secretary has been informed about the anomaly for prompt action.

Federal Government College, Odi

5.97. At the Federal Government College, Odi, Bayelsa State, it was observed that amounts totalling ₦344,650.00 were granted from Boarding Accounts as personal advances to fifteen staff of the college between January and June, 2007. Out of these, three (3) of the staff concerned had multiple advances between 2 and 3 within the period. At the time of audit inspection in September, 2007 there was no evidence to show that the advances had been retired, contrary to provisions of the Financial Regulations. The Permanent Secretary has been asked to recover the

advances from the affected staff and to forward the retirement particulars for audit verification.

5.98 Also, a total contract sum of ₦33,400,000.00 was awarded at the Ministerial Tenders Board meeting held on 28th December, 2006, for the following works to be executed at the college:-

(i) Construction of Hostel Block;
(ii) Construction of Dining Hall;
(iii) Completion of Boys Hostel 'B';
(iv) Construction of Access Road;
(v) Water Treatment/Reticulation;
(vi) Construction of VIP Toilets; and
(vii) Building of G&C clinic.

The completion period of the contract was estimated at 10 weeks from the date of award. Audit visit to the college 52 weeks after the award of the contract revealed the following anomalies:-

(i) The contractor had dismantled the roofing and ceiling of the existing Dining Hall without doing any rehabilitation work;
(ii) He did some work at the Boys Hostel 'B' without completing it;
(iii) He laid some pipes for water reticulation without completing it;
(iv) He did not do anything with regard to the rest of the contract components; and
(v) He has demobilized from the site.

5.99 The Priced Bill of Quantities and the payment voucher raised to show the extent of mobilization were not presented for audit examination and from all indications, it seems the project has been completely abandoned. The Permanent Secretary has been requested to recall the contractor to site in order to complete the work or alternatively recover the difference between the work done and amounts paid to the contractor and terminate the contract for poor performance. His response is being awaited.

Federal Government College, Okigwe

5.100. At Federal Government College, Okigwe, Imo State, it was observed that no evidence was produced to confirm that the unspent balance of ₦428,327.76 under Personnel Costs Vote as at December 31st 2007 was paid back to chest, contrary to the Financial Regulation No. 513 which stipulates "that the authority for recurrent expenditure conveyed by any of the warrants contained in the Financial Regulations lapses at the end of the financial year to which it relates". The Permanent Secretary has been asked to produce the documentary evidence to confirm that the sum of ₦428,327.76 has been paid to Treasury, otherwise, recover the amount involved

from the officer who failed to remit the money to chest, forwarding the recovery particulars for audit verification.

Federal Government College, Warri

5.101. During the audit examination of the accounting and other records maintained at the Federal Government College Warri, Delta State, it was observed that a payment voucher for the sum of ₦26,000.00 was paid from Students Boarding Maintenance Accounts to an officer in November, 2007, and the payment voucher was not produced for audit examination. It is therefore difficult to accept the payment as a proper and legitimate charge against public funds. The Permanent Secretary has been asked to produce the documents for audit examination.

5.102 An amount of ₦284,321.88 was observed to have been deducted as Cost of Turnover (COT) and Miscellaneous from both Domestic and Boarding Accounts of the College between January and November, 2007. This contravened the provisions of the extant Federal Treasury Circular TRY A3 & B3/2001 of 26th June 2001 which stipulates that "in order to minimize the Cost of Turnover on Bank Account with Commercial Banks, government has directed that all Ministries, Extra-Ministerial Departments, Parastatals, Agencies and other arms of government should henceforth place their recurrent vote on Current Accounts only in Banks that would not charge any Commission on Transactions on the Bank Accounts". This anomaly has been brought to the attention of the Permanent Secretary for his comment.

5.103 Four (4) payment vouchers for amount totalling ₦123,150.00 raised between 3rd May and 24th September, 2007 for petty expenses for which it was impracticable to obtain receipts to authenticate the payment, were not supported with Honour Certificate as required by the provision of Financial Regulation No. 617. The Permanent Secretary has been informed of the anomaly for prompt action.

Federal Science and Technical College, Uromi, Edo State

5.104 At Federal Science and Technical College, Uromi, Edo State, it was observed that the sum of ₦1,919,600.00 was paid to various contractors between January and February, 2007 without the approval of the Principal. Consequently, the expenditure cannot be accepted as a legitimate charge against public fund. The Permanent Secretary has been asked to recover the sum of ₦1,919,600.00 from the officer-in charge and recovery particulars forwarded for audit verification.

Federal Government Girls College, Ibusa

5.105 At Federal Government Girl's College, Ibusa, Delta State, it was observed that four (4) payment vouchers raised in favour of 4 officers in July and November 2007 for Out-of-Pocket expenses and Duty Tour Allowances for amounts totaling ₦103,000.00 were not signed by the payees as the columns for the payee's

signature were left blank, contrary to the Financial Regulation No. 613. There is therefore an Internal control lapse, which should be rectified properly because payment vouchers not signed by payees, could be used to raise new cheques fraudulently, and this could lead to loss of fund by the Government. The Permanent Secretary has been asked to look into the matter.

5.106 Six (6) payment vouchers amounting to ₦187,650.00 raised between September and November 2007 in favour of 4 members of staff for purchase of fuel and Duty Tour Allowance were not presented for audit examination. I cannot therefore, certify the expenditure as a legitimate charge against public funds. The Permanent Secretary has been asked to produce the vouchers for audit examination.

5.107 Eight (8) payment vouchers for amounts totalling ₦170,650.00 paid between June – October 2007 for the purchase of fuel, repairs and services were not supported with vital documents to authenticate payments contrary to Financial Regulation No. 603. I therefore, find it difficult to accept such payments as proper and legitimate charge against public funds. The Permanent Secretary has been asked to produce the documents, otherwise recover the sum of ₦170,650.00 from the officers concerned, forwarding recovery particulars for audit verification.

5.108 An amount of ₦796,284.66 being an unspent balance of Personal Emolument for the year 2007 was not accounted for at the time of audit inspection in February 2008 contrary to Financial Regulation No. 513 which stipulates that the "authority for expenditure for a financial year lapses at the end of the year to which it relates". The amount has not been paid to the sub-Treasurer of the Federation, since relevant Treasury Receipt Book 6 was not produced. The Permanent Secretary has been asked to ensure that the money is paid to the Treasury, forwarding the receipt particulars for audit verification.

5.109 Eighteen Text books borrowed from the school's library by some teachers of the school were reported lost, while others have not been returned to the school's library; a practice capable of depriving others from benefiting from such gestures. Efforts should be made to recover the books from the culprits; otherwise, they should be surcharged for the lost books.

5.110 Examination of Contracts for construction works and related components awarded to a Lagos based contractor to be executed at Federal Government Girl's College Ibusa and Federal Government College Warri for the sum of ₦47,480,000.00 revealed the following irregularities:

(i) The nature of contract is not explicit.
(ii) Contract agreement was neither produced for inspection nor the certified true copy of the agreement sent to my Office as stipulated by Finance Circular No. 15775 of 27th June 2001.
(iii) Priced Bill of Quantities was not tendered.

(iv) Architect design was not produced.
(v) Contract sum for the respective schools was not stated.
(vi) Completion period was 10 weeks from the date of award of contract which was 24th January, 2007 but the said contract was still on-going as at the time of audit in February, 2008.

5.111 Moreover, it could not be ascertained whether the project was supervised by Resident Architect of the Federal Ministry of Environment, Housing and Urban Development, as the Principal issued a letter of "Near Completion" to the contractor to enable him demand for payment instead of Architect's certificate. All efforts made by the audit team to retrieve the relevant files and information from the Principal and contractor in respect of the project proved futile. The Permanent Secretary has been informed of the irregularities, for prompt action.

Federal Science and Technical College, Michika

5.112. At Federal Science and Technical College, Michika, Adamawa State, it was observed that four payment vouchers totalling ₦1,183,300.00 were raised and paid to casual workers under personnel costs for hiring labourers for clearing the over grown bush in the college. Furthermore, the following documents were not produced for audit examination:-

(i) Authority for the employment of casual workers;
(ii) Wage Sheets;
(iii) Attendance Register for the casual workers; and
(iv) Details of the payment vouchers and signatures.

It was also observed that the expenditure was made out of the need to exhaust the vote rather than the actual need for their services. The Permanent Secretary has been asked to account in details for the total expenditure of ₦1,183,300.00.

5.113 Amounts totalling ₦4,517,900.00 were paid to four officers of the College between March and December, 2007 as duty tour allowance for various trips made to Abuja and other cities. A careful scrutiny of the payment vouchers revealed that the duration and destination of the tours were not indicated. Also, the letters authorizing these journeys were not produced for audit inspection. Until these payments are satisfactorily explained and letters of authority produced, the expenditure cannot be accepted as proper charges against public funds. The anomaly has been brought to the attention of the Permanent Secretary for prompt action.

5.114 It was observed that the sum of ₦450,000.00 was paid to an officer for the purchase of stationeries through a payment voucher dated 28/5/2007. Investigation conducted revealed that the items purportedly purchased were not taken on store ledger charge and the Store Receipt Vouchers and Store Issue Vouchers were not produced for inspection, contrary to the provisions of the Financial Regulation 2206.

The Permanent Secretary has been requested to account for the sum of ₦450,000.00 by producing the relevant documents for examination, or otherwise recover the sum of ₦450,000.00 from the officers concerned, forwarding the recovery particulars for audit verification. The Permanent Secretary was also advised that in future all the relevant supporting documents must be attached and recorded in the ledger for proper and effective accountability.

All the issues raised have been communicated to the Permanent Secretary for prompt action.

MINISTRY OF ENERGY

Department of Petroleum Resources (DPR) Headquarters

5.115 Revenue generated by the Department of Petroleum Resources Headquarters from signature bonuses during the year under review was not disclosed during audit inspection and the actual revenue collected could not be ascertained because the relevant accounting records and documents were not produced for audit examination namely; Cash Book, Treasury Receipt books and Bank Statement.

5.116 Examination of the Bank Reconciliation Statements prepared by the DPR revealed that several cheques for amounts totalling ₦32,551,074.00 which had become stale were still listed as unpresented cheques in the Bank Reconciliation Statements. Efforts should be made to thoroughly investigate how such cheques became stale before clearing same in the account in accordance with extant regulation.

Power Department

5.117 A contract for the rural electrification of various communities consisting of Kukuwa, Cross Kauwa, Keneno Yoyo and Doro in Borno State was awarded to an indigenous contractor for a total sum of ₦48,559,667.00 in January, 2003. The contract sum was later reviewed upward to the sum of ₦119,320,903.00 and payment made to the contractor without the preparation of a new contract agreement and approval of the Tenders' Board, contrary to extant regulation.

5.118 Audit examination of the records kept at the Zonal offices of Electrical Installation Services (EIS) Unit of the Power Department, revealed that no return had been rendered to my Office on the arrears of Revenue collectible which remained uncollected three months after the close of 2007 financial year contrary to Financial Regulation No. 325.

All the irregularities have been conveyed to the Permanent Secretary for prompt action.

FEDERAL MINISTRY OF ENVIRONMENT, HOUSING AND URBAN DEVELOPMENT

5.119. During the audit examination of the Accounting and other records maintained by the Ministry, it was observed that a total sum of ₦8,257,407.22 was paid to three contractors for the supply of educational materials to Fire Service Department of the Ministry on three payment vouchers all dated 25th July, 2006, and supported by Store Receipt Vouchers. Audit verification however revealed that none of the items allegedly supplied was found in the store. It therefore, appeared that the items were not supplied but merely paid for. The Permanent Secretary has been asked to investigate the matter thoroughly from the three contractors and the storekeeper aimed at determining the exact position. If the investigation proved otherwise, the contractors should be made to supply fresh materials or in the alternative surcharge the officer who approved the payment. Recovery particulars should be forwarded for audit verification.

5.120 In March, 2007 the sum of ₦951,684.21 was paid for the furnishing of the office of the Comptroller of the Ministry in Owerri, Imo state. In May, 2007, ₦268,000.00 was paid for the purchase of stationeries. On 22nd May, 2007, ₦3,488,000.00 was paid from the Capital Expenditure Vote for the purchase of office equipment. For all these expenditures, the necessary supporting documents like receipts, delivery notes, invoices, store receipt vouchers etc were not attached to authenticate payments, contrary to Financial Regulation No. 603. The expenditure could not therefore be accepted as legitimate charge against public fund. The Permanent Secretary has thus been asked to recover the total sum of ₦4,707,684.21 from the officers concerned forwarding recovery particulars for audit verification.

5.121 It was also observed during the examination of Cash Books that Withholding Tax and Value Added Tax for amounts totalling ₦398,936,950.48 were deducted from contracts awarded and paid for between January and December, 2007. Out of which ₦306,146,103.00 was paid to the Federal Inland Revenue Services and receipted leaving a balance of ₦92,790,847.48 unaccounted for, contrary to Financial Regulation Nos. 317, 334 and VAT Act 102, 1993. The Permanent Secretary has been asked to account for the sum and to explain why he failed to remit the taxes deducted.

5.122 During the audit of the Revenue Accounts of the Ministry, it was observed that a total sum of ₦2,864,207,327.29 was realized as revenue between January and December, 2007. Out of which:

(i) ₦1,406,410,379.33 was paid to Government chest.

(ii) ₦482,359,476.67 was purported to have been paid to a commercial bank without any evidence produced to confirm the payment.

(iii) Another sum of ₦975,457,471.93 was not accounted for. Also, bank statement from the bank was not made available to confirm the payment. The Permanent Secretary has been informed of the irregularities and he was asked to furnish details of the revenue collected with evidence of payments to government chest and payment to the commercial Bank for audit verification.

5.123 Amounts totalling ₦44.869,823.33 meant for various sub-heads such as electricity charges etc. were diverted and utilized on purposes apparently different from those for which the fund was budgeted, contrary to the Financial Regulation No. 517. The irregularity has been drawn to the attention of the Permanent Secretary for comments.

5.124 Cash Advances totalling ₦10,227,220.00 granted to 26 staff members of the Ministry between August and December, 2007 to enable them execute certain projects or render services were yet to be retired at the time of audit inspection in July, 2008. Incidentally, some of the officers were granted multiple advances even when the previous ones granted them had not been retired at the time of audit. This action is contrary to the provision of the Financial Regulation Nos. 1705 and 1709 which emphasized prompt retirement of advances granted to public officers. The Permanent Secretary has been requested to recover the advances from the affected staff, forwarding the recovery particulars for audit verification.

5.125 Twenty-two (22) payment vouchers raised between January and June, 2007 for amounts totalling ₦136,366,259.74 were not produced for audit examination. It is therefore difficult to accept the expenditure incurred on them as proper and legitimate charges against public funds. The Permanent Secretary has been requested to produce the vouchers for audit verification.

5.126 At Federal Ministry of Environment, Housing and Urban Development, Owerri, Imo State, it was observed that a sum of ₦147,389.16 was paid as refund of medical expenses to some staff of the branch office despite the abolition of such refunds by the establishment of National Health Insurance Scheme (NHIS). No authority was produced for the irregular payment of the ₦147,389.16. The Permanent Secretary has been asked to recover the sum of ₦147,389.16 from the staff concerned in four (4) equal monthly instalments and forward the recovery particulars for audit verification.

5.127 Eight (8) payment vouchers were raised between August and December, 2007 for the retirement of the advance of ₦5,794,500.00 granted to a staff for various reasons. During the examination of the documents attached to the payment vouchers, it was observed that a total sum of ₦1,706,500.00 was fully accounted for

while the balance of ₦3,488,000.00 was not properly receipted, contrary to Financial Regulation No. 317. The Permanent Secretary has been asked to produce the vital documents for audit examination or alternatively recover the sum of ₦3,488,000.00 from those involved and furnish recovery particulars for audit verification.

5.128 Thirty-five (35) payment vouchers paid under the Recurrent Expenditure Vote for amounts totalling ₦92,573,897.30 between July and December, 2007 were not produced for audit examination. The Permanent Secretary has been requested to produce the outstanding payment vouchers for examination, otherwise it will be difficult to accept the expenditure as proper and legitimate charges against public funds.

5.129 Audit examination of the Bank Reconciliation Statements prepared by the Ministry as at 31st December, 2007 revealed the following irregularities under Recurrent Expenditure Accounts:-

(i) Eighty (80) cheques for amounts totalling ₦16,998,922.81 issued between December, 2005 and April, 2007 had become stale and were still appearing in the Bank Reconciliation Statement as unpresented cheques. These should have been investigated and written back to the Cash Book.

(ii) Also, six (6) cheques for amounts totalling ₦2,767,587.85 issued between February, 2006 and March, 2007 had become stale and were still appearing in the Bank Reconciliation Statements as unpresented cheques. They should be written back to chest.

5.130 Similarly, audit examination of the Bank Reconciliation Statements for the month of December, 2007 revealed that 285 cheques for amounts totalling ₦1,283,232,673.20 issued between February, 2005 and June, 2007 had become stale and were still appearing in the Bank Reconciliation Statements as unpresented cheques. They should be written back to chest. The irregularities have been brought to the attention of the Permanent Secretary for prompt action.

5.131 The Monthly Transcript of Account prepared by the Ministry revealed the following anomalies:-

(i) Entries in the Revenue and Expenditure Analysis Books were always recorded in ordinary pencil instead of using indelible pencil or ink, thus resulting into erasure of figures. The Permanent Secretary has been advised that henceforth entries in the Analysis Book should be written with indelible ink to make them valid records.

(ii) Monthly Transcripts of Accounts were prepared and submitted late, several months after the end of a month, instead of monthly preparation and submission as contained in the Financial Regulation No. 1205 and directive from the Office of the Accountant-General of the Federation.

The Permanent Secretary has been requested to look into the matter and ensure that the Transcripts are prepared and submitted monthly, and promptly to the Office of the Accountant-General of the Federation.

5.132 During the audit of the Federal Ministry of Environment, Benin, Edo State, it was observed that a total sum of ₦116,450.00 was spent on the purchase of stationeries. These purchases were not supported with relevant documents such as Receipts, Store Receipt Vouchers (SRVs), Store Issue Vouchers (SIVs), etc. The items were not taken on store ledger charge, contrary to Financial Regulation No. 2206. Therefore, it was difficult to accept the expenditure as a proper and legitimate charge against public fund. The Permanent Secretary has been asked to recover the sum of ₦116,450.00 from the officer concerned forwarding recovery particulars for audit verification.

All the issues raised above have been communicated to the Permanent Secretary for prompt action.

FEDERAL CAPITAL TERRITORY ADMINISTRATION

Transport Secretariat

5.133 An audit appraisal of the activities of the Transpsort Secretariat revealed that about 80% of the overhead funds released in year 2006 were utilized in the grant of cash advances to staff to execute various jobs instead of utilizing the contract award process. However, (11) eleven contracts which were awarded for amounts totalling ₦2,512,997.17 resulted into non-payment of the mandatory 5% Value Added Tax and 5% Withholding Taxes by the affected companies , contrary to VAT Act, No. 102, 1993 and Financial Regulation No. 334. The matter has been reported to the Permanent Secretary who was asked to pay the total sum of ₦102,529.80 to the tax authorities quoting relevant particulars for audit verification.

5.134 (5) five cheques issued in the secretariat since July, 2007 for amounts totalling ₦45,575.60, being the withholding tax credited to the Cash Book in the same month, could not be verified in the Bank Statement at the time of audit inspection in March, 2008. This revenue has not been paid to the FIRS as required by extant regulation. The Permanent Secretary was informed of the anomaly and his reaction is being awaited.

5.135 Unauthorized Imprest of ₦700,000.00 was approved by the Secretary throughout the year 2006 event though there was no General Imprest Warant approved for the year. The provisions of chapter 11 of the Financial Regulation on the responsibilities, procedure for payments from imprest and retirement of imprests were violated. Also, the provision of the Treasury circular No. A4/B4/2005 OAGF/TB/026 Vol.II/223 dated 25th May 2005 on the limit of reimbursable imprest

was not complied with. A total sum of ₦8,400,000.00 was disbursed as Imprest between January and December 2006 without approved warrant.

5.136 Cash Advances for amounts totalling ₦45,889,628.00 were granted to staff to execute various jobs which should otherwise have been executed through contract awards as required by Due Process circular. The payments ranged from purchase of equipment to fabrication and installation of traffic system, regulatory guide, warning signs etc. Approval for these procurement and project execution was said to have been granted by the Honourable Minister of FCTA, hence Due Process was not followed. This is contrary to the Federal Treasury circular No. TRY A4/B4/2002/OAGF/TS/026/108 OF 5TH July, 2002. On account of this, I find it difficult to accept the expenditure as proper and legitimate charge against the public fund.

5.137 Between January 2007 and December, 2007, the Transport Secretariat indulged in the grant of cash advances to staff to execute jobs and projects which should have been handled through contract awards as required by Public Procurement Act. 2007. (17) seventeen payment vouchers for amounts totalling ₦107,592,866.00 were raised to execute such jobs. The use of cash advances and direct labour to execute such projects could not be justified in the sense that details of transactions were very vague and uneconomical, contrary to Financial Regulation No. 515.

5.138 A total sum of ₦8,400,000.00 was expended by the secretariat as imprest during the year under review at the rate of ₦700,000.00 per month to various officers even though there was no approved annual Imprest General Warrant issued by the Treasury. To crown it all, no imprest accounts were maintained contrary to Financial Regulation No. 1107 (a) to (j).

5.139 (22) twenty-two stale cheques issued between May and July, 2006 for amounts totalling ₦8,326,724.21 were still found featuring in the Bank Reconciliation Statement, instead of their being written back to the Cash book after thorough investigation.

5.140 (23) twenty-three payment vouchers raised between January and December 2006 for amounts totalling ₦5,063,690.97 and 76 payment vouchers raised in December, 2007 for amounts totalling ₦57,057,760.78 were not produced for audit examination. On account of this, I cannot accept the expenditure on such vouchers to be proper and legitimate against public funds. The Permanent Secretary has been asked to produce the payment vouchers for audit verification.

Parks and Recreation

5.141 At the Parks and Recreation Unit, it was observed that the Revenue collected between April, 2007 and December, 2007 for amounts totalling ₦55,485,830.00 were still being held by this Unit as at March, 2008 without being paid to the

Treasury, but kept in a commercial Bank in Abuja, contrary to the Financial Regulation No. 317

5.142 The Commercial Bank which was used to keep the revenue collected by the Parks and Recreation, refused to release the interests that accrued on the revenue for payment to the Treasury.

5.143 Six utility vehicles comprising 4 No KIA single cabin K2700 SC etc for amounts totalling ₦19,349,600.00 were purchased without complying with the Due process. The transactions were not considered and approved by the Resident Due Process Team for competitive bidding in order to assure right pricing and due economy. For example, one of the utility vehicles purchased was an old vehicle for the sum of ₦2.5 million. This is considered uneconomical and a waste of public fund.

5.144 The expenditure of ₦19,349,600.00 for the purchase of vehicles via grant of personal advances to staff resulted in non-payment of the mandatory 5% Withholding Tax and 5% Value Added Tax on the transactions which led to loss of revenue to the Federal Government to the tune of ₦1.9 million.

5.145 A total sum of ₦16,767,510.00 was incurred by the Unit for the purchase of petrol, diesel and lubricants between January, and December, 2007 without regard to economy and control. The Unit had no fuel dump into which the large volume of Diesel and Petrol could be stored. There was no register maintained to record the receipt and issue of the lubricants. Procurements were randomly done even when bulk purchase could have been made. Finally, all procurements were incurred with outright disbursement to serving staff of the Unit, instead of through reputable oil marketing companies. Hence, due process guidelines on procurement and expenditure activities control mechanism was observed to be weak. On account of these irregularities, I find if difficult to accept that the expenditure incurred for ₦16,767,510.00 was proper and legitimate against public funds.

5.146 14 payment vouchers raised and paid in March, June, August, October and December 2007 for amounts totalling ₦8,823,720.00 did not contain valid vital documents to authenticate the payments, contrary to Financial Regulation No. 603. These documents should be produced for audit examination.

5.147 Two payment vouchers were raised on the 31st December, 2007 for ₦2,506,158.00 to enable one officer and others proceed on a trip to Dubai, United Arab Emirate for a Plant Expo in the Middle East. The payment also covered the cost of visas obtained for the trip. These payments were made for the trip without the prior approval of the Honourable Minister of FCTA. The Permanent Secretary has been asked to produce the relevant authority for audit verification.

5.148 Eight payment vouchers raised and paid in June and December, 2007 were not produced for audit examination. On account of this, I cannot accept the

expenditure incurred on them to be proper and legitimate charge against public funds.

5.149 Bank charges for amounts totalling ₦526,153.35 were observed in the Bank statement of the Unit's Overhead Account. The charges were variously described as "Commission on turnover (COT) and "Interest Capitalization". These charges are made in contravention of the Federal Treasury Circular No. A4/B4 dated 26th June,, 2001 and Letter No. OAGF/PRS/005/111/85 of 26th June, 2001, which stipulate that "Public Sector Organizations are forbidden from operating bank accounts on which Commission on Turnover (COT) are charged by the Banks". The matter has been refereed to the Permanent Secretary for comments.

All the issues raised had been communicated to the Permanent Secretary for his prompt action.

KUJE AREA COUNCIL

5.150 During the audit examination of the accounting and other records maintained at the Kuje Area Council, it was observed that the contract for the sum of ₦5,333,460.00 was awarded to a company for extension and replacement of wooden poles with reinforced concrete poles and installation of cool cover car ports at the Council's Secretariat. As at the time of audit inspection, a total sum of ₦4,286,432.70 was alleged to have been paid to the contractor without execution of the contract. The chairman has been asked to compel the contractor to carry out his contractual obligation by executing the project for which he had received part-payment, or in the alternative pay back sum of ₦4,286,432.70 received from the Council, forwarding receipt particulars for audit verification.

5.151 The sum of ₦2,257,825.00 was paid through 10 payment vouchers to staff of the Council to enable them carry out various assignments for the Council. No supporting documents were attached to the payment vouchers to authenticate the actual purposes for the payments and whether they were accomplished, contrary to Financial Regulation 603. The chairman has been asked to recover the sum of ₦2,257,825.00 from the nine (9) officers or produce evidence to show that the money was expended for the purposes intended.

5.152 A cash advance of ₦40,180,162.64 was given to 64 No. officers of the Area Council to execute various jobs. These advances have remained unretired as at the time of audit inspection. Some officers even have more than one outstanding cash advance which they did not retire before being granted subsequent advances. This is a contravention of the Financial Regulation Nos. 1705 and 1719. The affected officers should be asked to retire the advances outstanding against them or recourse be made to their salaries for full recoveries. The matter has been brought to the attention of the chairman for prompt action.

5.153 An imprest of ₦2,000,000.00 was granted to the Clerk of the Legislative House. At the time of audit inspection only the sum of ₦175,000.00 was retired leaving an outstanding sum of ₦1,825,000.00. The chairman has been asked to recover the outstanding sum of ₦1,825,000.00 forwarding recovery particulars for audit verification.

5.154 A payment voucher for the sum of ₦800,000.00 was paid in May, 2007 for the purchase of spare-parts for the repair of the Council water tanker. The spare parts purchased were not taken on store ledger charge while one of the changed parts consisting of a complete Man-Diesel Engine was not returned to the store. Also, there was no evidence to authenticate the purchase and repair of the water tanker. I therefore find it difficult to accept the expenditure as a proper and legitimate charge against public funds.

All the anomalies have been conveyed to the Chairman, Kuje Area Council for prompt action.

KWALI AREA COUNCIL

5.155. The audit examination of the accounting and other records relating to Kwali Area Council revealed that fourteen (14) officers collected personal advances totaling ₦9,195,000.00 between June and December, 2007 for rendering various forms of services to the Office. However, at the time of audit inspection in August, 2008 the entire sum of money advanced were still un-retired contrary to the Financial Regulations 1705 and 1719 which should be strictly adhered to at all times. The anomaly has been reported to the Chairman who has been asked to recover fully the outstanding amounts from the personal emoluments of the recipients and furnish the recovery particulars for audit verification.

5.156 Taxes deducted from contractors who supplied goods and services to the Council for Value Added Tax (VAT) and Withholding Tax (WHT) totalling ₦4,659,982.02 respectively were not remitted to the appropriate tax authorities, contrary to the Financial Regulation No. 334 and VAT Act 102 of 1993. The anomaly has been conveyed to the Chairman of the Council who has been asked to remit the total sum of ₦4,659,982.02 to the Tax Authorities and furnish particulars of payment for audit verification.

5.157 The Bank Reconciliation Statements for the Kwali Area Council for the period under review were not produced for audit examination despite repeated demands. This action constitutes flagrant disregard to the provisions of the Financial Regulation which stipulate that “All officers authorized to keep Bank Accounts must compare weekly and at the close of each month, the entries appearing in the Bank Statement with those in their Cash Books and effect early clearance of outstanding items”. The Council Chairman has been informed of the anomaly.

5.158 An amount of ₦1,400,000.00 was released to an officer of the Council to entertain youths on sensitization meeting. The date and venue of the meeting were not mentioned. Included in the above amount was a total sum of ₦300,000.00 claimed to have been paid to the NTA for ₦60,000.00, Radio FRCN for ₦40,000.00 and Press coverage (PR) for ₦200,000.00. The receipts and press clips to authenticate the above expenditure were not attached to the relevant payment voucher thereby creating doubts as to the genuineness of the payment, contrary to Financial Regulation No. 603. The Acting Chairman has been requested to produce the relevant documents to authenticate payment, otherwise the sum of ₦300,000.00 should be recovered from the officer, forwarding particulars for audit verification.

5.159 An amount of ₦717,600.00 was stated as monthly expenditure for the purchase of twenty-six (26) drums i.e. 5,980 litres of diesel at the rate of ₦120.00 per litre incurred by an officer of the Council who was granted an advance to purchase the items. The diesel was meant to power the council's generating sets situated at four (4) locations within Kwali Town. The above expenditure appears necessary in view of the incessant power failures in Kwali Area Council. However, audit investigation at the Council's diesel store/depot on three separate occasions revealed only three empty drums of diesel were actually procured. The items were not taken on store ledger charge and issued as required by extant regulations. The irregularity has been conveyed to the Chairman of the Council for his comments.

5.160 The monthly security allowance of ₦5 million is officially granted to the Chairman to forestall security breaches in the Area Council, which should be properly utilized and accounted for as required by extant circular. However, additional security allowances for amounts totalling ₦3,000,000.00 were paid monthly to two other officers of the Council. There were no payment schedules or other documentary evidence of the beneficiary vigilantes/surveillance group attached to the payment vouchers to authenticate payment, contrary to extant regulations. I have asked the Acting Chairman to produce the authority for the additional security allowances usually paid to officers monthly in respect of the security of the Council. He is also to provide full details of expenditure relating to those payments during the year under review for audit verification.

All the issues have been brought to the attention of the Council's Chairman for his prompt action.

GWAGWALADA AREA COUNCIL

5.161 During the audit examination of the accounting and other records maintained at the Gwagwalada Area Council, it was observed that the sum of ₦16,786,244.57 was deducted from staff salaries in the year 2007 as staff contribution towards Pension Fund. This amount was not paid to the PENCOM office as at the time of this report in October, 2008 contrary to Pension Reform Act Section 11(5b). This action may lead to denial of the staff concerned from being paid any gratuity or

pension after retirement. The chairman has been asked to pay the sum of ₦16,786,244.57 to PENCOM office and forward payment particulars for audit verification.

5.162 A sum of ₦7,896,096.80 deducted as Pay As You Earn (PAYE) tax from the staff salaries for the year 2007 was not paid to the Federal Inland Revenue Service by the Council as at the time of this report in October, 2008 contrary to the provisions of the Financial Regulation No. 334 and Vat Act No. 102 of 1993. The chairman has been requested to pay the sum of ₦7,896,096.80 to Federal Inland Revenue Service and forward the payment particulars for audit verification.

5.163 A total amount of ₦24,682,341.37 deducted from the staff salaries which was meant for onward payment to both the PENCOM Office and Inland Revenue Service was not accounted for by the Local Government. The chairman has been requested to investigate the irregularity and ensure that the deductions are accounted for immediately.

5.164 Examination of the capital account revealed that a total sum of ₦9,493,493.84 that should have been deducted as Withholding Tax and VAT from the sum of ₦94,714,938.17 paid to contractors in the year 2007 was not made, contrary to the provisions of Financial Regulation No. 334 and Vat Act, 1993. The Council's Chairman has been informed of the anomaly and was asked to remit the amount to the appropriate Tax Authority forwarding payment particulars for audit verification.

5.165 The sum of ₦8,626,964.80 out of a total sum of ₦12,464,001,53 being VAT and Withholding Tax deducted on contracts paid for in 2007 from paid capital projects has remained unremitted to the Federal Inland revenue Service as at October, 2008, contrary to VAT Act No. 102 of 1993. The chairman has been requested to remit the sum of ₦8,626,946.80 to the Federal Inland Revenue Service immediately, forwarding recovery particulars for audit verification.

5.166 Personal advances totalling ₦104,543,460.00 granted to 63 officers in 2007 had remained unretired as at the time of this report in October, 2008 contrary to the Financial Regulations. Moreover, 4 out of the 68 officers were given more than 3 advances without the retirement of the previous ones, contrary to Financial Regulation No. 1705 and 1719. The chairman has been requested to ensure the retirement of the advances by the affected staff, otherwise recover the advances from their personal emoluments, forwarding recovery particulars for audit verification.

5.167 A total sum of ₦2,590,705.17 being bank charges (COT) was deducted from the Accounts of the Area Council maintained with two banks in the year 2007 contrary to the Federal Treasury Circular Ref. No. TRY/A4&B4/2001, OAGF/PRS/005/111/185 dated 26th June 2001 which stopped such deductions. The chairman has been asked to ensure that the sum of ₦2,590,705.17 is recovered from the banks forwarding the recovery particulars for audit verification.

5.168 The sum of ₦1,862,062.54 observed as an unspent balance on the accounts of the Council as at 31st December, 2007 was not paid back to the Treasury as at the time of audit inspection in October, 2008, contrary to Financial Regulation 513. The chairman has been asked to pay the sum of ₦1,862,962.54 back to the Treasury, forwarding the treasury receipts particulars for audit verification.

All the issues had been taken up with the chairman of the Area Council for prompt action.

BWARI AREA COUNCIL

5.169 During the audit examination of accounting and other records maintained at Bwari Area Council, Abuja,showed that the preparation of the Bank Reconciliation Statements relating to the Council was not up to date. It was observed at the time of audit in March, 2008 that the statements were only prepared up to December, 2005. This is far from satisfactory as it is against the provisions of the Financial Regulation No. 816 which stipulate that "All officers authorized to keep bank accounts must compare weekly and at the close of each month, the entries appearing in the Bank Statements with those in their Cash Book and effect early clearance of outstanding items". The Council Chairman has been notified of this anomaly.

5.170 A sum of ₦1,500,000.00 (one million, five hundred thousand naira) was paid to a member of staff on 20th March, 2007 as cash advance for in-house workshop on Financial Duties, instead of the consultant who was awarded the contract and who actually conducted the Workshop contrary to Financial Regulation No. 603 which stipulates that "All entries in the Accounts must be vouched for in one of the prescribed forms. Vouchers shall be made in favour of the person or persons to whom the money is actually due. Under no circumstances should a cheque be raised or cash paid for which a voucher has not bee prepared". The Council Chairman has been notified of the anomaly and his comments are being expected.

5.171 A sum of ₦250,000.00 (Two hundred and fifty thousand naira) was paid to a member of staff on 20th March, 2007 as refund of out of pocket expenses incurred on printing works. A scrutiny of the payment voucher and supporting documents revealed that cash receipt No. 0435 dated 1st February, 2007 for the sum of ₦250,000.00 which was issued by a company was the only document attached in support of the expenditure, contrary to Financial Regulation No. 616 which stipulates that "payment to firm shall be made only by cheques, crossed "Not Negotiable" and "Account Payee only" in favour of the firm". The chairman's attention has been invited to the anomaly.

5.172 An amount of ₦242,000.00 was paid to a member of staff as refund of out-of-pocket expenses incurred by him for the settlement of Honourable chairman's

telephone bills for the months of May to December, 2006. A scrutiny of the payment voucher revealed that no bill was attached to confirm the authenticity of the claim, contrary to Financial Regulation No. 603 Moreover, it was not clear why an out-of-pocket expenditure was made instead of paying the telephone provider directly, through issuance of a crossed cheque as required by extant regulation.

5.173 A sum of ₦350,000.00 was granted as Personal advance to an officer of the Council on 14th May, 2007 to organize a send-off party for the Sole Administrator. Audit examination of the retiring payment voucher dated August, 2007 revealed that one number "32 LCD Television" was purchased for the sum of ₦230,000.00. However, market survey at Abuja confirmed that the television set could be bought for ₦120,000.00 at the time it was purchased. Thus, the cost of the item was inflated above market price by ₦110,000.00. This should be recovered from the officer forwarding recovery particulars for audit verification.

5.174 Audit examination of the payment voucher relating to the retirement of the cash advance of ₦295,000.00 granted to an officer of the Council to enable him organize in-house training on effective management of records and general administration procedure for all categories of officers in the Department of administration revealed that the documentary evidence of how the entire advance was spent and the list of participants were not produced. On account of this, I find it difficult to accept the expenditure of ₦295,000.00 as a proper and legitimate charge against public fund. The chairman has been asked to please recover the sum of ₦295,000.00 from the officer and furnish me with recovery particulars for audit verification.

5.175 Audit examination of payment voucher dated May, 2007 relating to the retirement of the cash advance of ₦660,000.00 granted on 9th October, 2006 to an officer of the Council for the purchase of improved seedlings for distribution to farmers in Bwari Area Council revealed that there was no documentary evidence produced to show that the farmers received the seedlings. The chairman has been requested to recover the sum of ₦660,000.00 from the officer involved and that recovery particulars be forwarded for my verification.

5.176 Thirty-eight (38) payment vouchers for amounts totalling ₦28,770,110.96 raised on various dates between May and November. 2007 were not produced for audit inspection. It is therefore difficult for me to accept the expenditure incurred on them as a proper and legitimate charge against public fund. The chairman has been asked to produce the relevant vouchers for audit examination.

5.177 A sum of ₦450,000.00 was paid to a member of staff on 7th February, 2007 for repairs carried out on two official vehicles with Registration Numbers CT 223 A11 and Ct 314 A11 belonging to the Council. It was observed that replaced parts for amounts totalling ₦436,200.00 which were to be returned to store for verification and kept were not returned. This is contrary to the provisions of the Financial Regulation No. 2425 which stipulates that "unserviceable used parts removed from Plant and

Vehicles for replacement in the normal course of repair and overhaul shall be returned to a separate section of the store". The officer should either return the replaced parts or the monetary value for the sum of ₦436,200.00 should be refunded to the Council. Furthermore, the items purchased for the repairs were not taken on store ledger charge. The various irregularities have been conveyed to the chairman and he was asked to recover the sum of ₦436,200.00 from the officer and evidence of recovery forwarded for audit verification.

5.178 Four officers were paid a total sum of ₦250,000.00 in February, 2007 for hiring of vehicles. Examination of the payment vouchers revealed that the receipts claimed to have been issued by the Bwari branch of National Union of Road transport Workers appeared fictitious. Audit verification carried out at the Union office Bwari on the 13th of March, 2008 to confirm the genuineness of the receipts revealed that the official revenue receipt being used by the Union was not the same as the one produced by the officers to support their claims. In view of these anomalies, the expenditures cannot be regarded as legitimate charges against public funds. Consequently, the sum of ₦250,000.00 should be recovered from these officers and recovery particulars forwarded for audit verification.

5.179 Five (5) payment vouchers raised on various dates in September, 2007 for amounts totalling ₦3,440,000.00 were not presented for audit examination. Therefore, it would be difficult to accept the expenditures on them as proper and legitimate charges against public funds. The chairman has been requested to produce the payment vouchers for audit examination.

5.180 Cash advances totalling ₦52,692,322.50 granted to 135 officers between January 2006 December, 2007 to carry out certain official assignments or render some services were still outstanding as at the time of audit inspection in May, 2008. Several of the same officers were granted additional advance without retiring the previous ones, contrary to Financial Regulation Nos. 1705 and 1719. The chairman was asked to confirm that the members of staff involved had retired the advances, furnishing retirement particulars for audit examination.

5.181 A sum of ₦1,200,000.00 was paid to a member of staff to enable him organize in-house workshop for women with portfolios throughout Bwari Area Council. A scrutiny of the payment voucher revealed the following anomalies:-

(i) ₦70,000.00 was spent as unforeseen expenses without any attachment to the statement showing what the officer did with the money.

(ii) The list of the participants was not produced. The chairman has been asked to confirm that the workshop actually took place by providing the list of participants at the Workshop and recover the sum of ₦70,000.00 being the unforeseen expenses not justified and furnish me with the recovery particulars for audit verification.

5.182 A sum of ₦992,000.00 was paid to a member of staff in July, 2007 as cash advance for the purchase of 8,000 liters of diesel. Further audit scrutiny revealed that no supporting documents, such as Store Receipt Vouchers, invoices, receipts etc. were produced for audit to confirm purchase and delivery as required by the provisions of the Financial Regulation No. 613. I therefore, find it difficult to accept the payments as proper and legitimate charges against public funds. The amount should be recovered from the payee and details of recovery forwarded for audit verification.

5.183 Amounts of ₦75,000.00 and ₦100,000.00 were paid on two payment vouchers on 31st July 2007 to two Radio stations for advertisement on radio about immunization and for placement of congratulatory messages on magazine respectively. It was however observed during the examination of the relevant payment vouchers that no supporting documents such as receipts etc. were attached to the vouchers to authenticate payments. The relevant documents and receipts should be produced for audit verification.

5.184 A sum of ₦205,000.00 was paid to a member of staff in July, 2007 for the purchase of Toshiba Satellite. A scrutiny of the payment voucher revealed that no supporting documents, such as Store Receipt voucher, Invoices receipts etc were produced for audit to confirm purchase and delivery as required by the provisions of the Financial Regulation No. 603. I therefore find it difficult to accept the payment as proper charges against public funds. The chairman has been requested to produce the vital documents for examination or refund the sum of ₦205,000.00 to the treasury, quoting recovery particulars for audit verification.

5.185 It was observed that an amount of ₦445,000.00 was paid to a member of staff in November, 2007 for the repairs of a Toyota Bus with Registration Number AC 46 BWR. Seven months after this payment, the advance has not been retired contrary to the provisions of the Financial Regulation No. 1705. Further audit investigation revealed that the vehicle was parked at one mechanic Workshop at Apo village, Abuja in a state of disrepair as at the time of audit inspection in June, 2008. The chairman has been asked to confirm that this vehicle with Registration Number AC 46 BWR has been repaired and brought back to the Area Council. In the alternative the officer should be made to refund the total sum of ₦445,000.00 and evidence of recovery forwarded for audit verification.

5.186 A sum of ₦655,000.00 was paid to a member of staff on 14th September, 2007 for Protocol and Publication. It was observed during the examination of the adjustment voucher raised in October, 2007 that the sum of ₦480,000.00 out of the total sum of ₦655,000.00 was paid to a company for the production of 100 copies of Progress Report on receipt No. 02992 of 19th September, 2007 without taking the items on store Ledger charge as required by the provisions of the Financial Regulations. The chairman has been requested to comment on this anomaly.

5.187 A sum of ₦266,700.00 was paid to a company on 10th September, 2007 for the servicing of two generators in Bwari Area Council. Examination of the payment vouchers revealed that 5% Value Added Tax and Withholding Tax both amounting to ₦26,670.00 was not deducted from the contract sum before payment was made, contrary to VAT Act No. 102 of 1993 The sum ₦26,670.00 should be recovered from the company and paid to Federal Inland Revenue Service, forwarding the receipt particulars for audit verification.

FEDERAL MINISTRY OF FINANCE, ABUJA

5.188. During the audit examination of the accounting and other records maintained by the Federal Ministry of Finance, Abuja, it was discovered that a payment voucher dated 31st December, 2007 for the amount of ₦50,000,000.00 was paid into the account of a Financial Institution called Assisted Institutional Support Project attached to the Ministry. However, the Authority to Incur Expenditure (AIE) dated 30th November, 2007 did not specify in detail the projects being supported by the African Development Bank (ADB). Also the programme for monitoring the progress of work on site was also not detailed. Consequently, it became difficult to identify the projects in question, the locations of the projects and stages of completion. In order to ensure proper accountability and Value-for-money, it was advised that a detailed programme of the projects should be forwarded to my Office for the purpose of monitoring the progress of work done on the sites. Also, the Authority to Incur Expenditure (AIE) showing details of the project should be forwarded to my office for the purpose of verification. The Permanent Secretary has been informed of these anomalies.

5.189 Audit examination of the advances ledger revealed that personal advances granted to 12 officers of the Ministry for the sum of ₦12,126,276.89 meant for the procurement of various store items and repair services were not retired even as at the time of audit inspection in June, 2008. Incidentally, four(4) of the members of staff were granted new advances without the previous ones being retired contrary to the Financial Regulations Nos. 1705 and 1719. The attention of the Permanent Secretary has been drawn to the irregularity and he was requested to recover personal advances to the tune of ₦12,126,276.89 from the affected staff immediately, and forward retirement particulars for audit verification.

5.190 Audit examination of thirteen (13) payment vouchers in the month of December, 2007 for amounts totalling ₦24,952,129.11 showed that the payments were not properly vouched for on the prescribed Form TF1. Rather, plain sheets of papers were used as voucher substitutes without detailed information regarding the transactions that were carried out. This is against the Financial Regulations No. 601 which stipulates that “All payment entries in the accounts must be vouched for on one of the prescribed forms”. The Permanent Secretary’s attention has been drawn

to this irregularity for compliance with the relevant regulation and to forward proper vouchers with detailed information about the transactions for audit verification.

5.191 Audit examination of the Bank Reconciliation Statements prepared by the Ministry for the year ended 31st December, 2007 revealed that a total deduction of ₦864,113.99 was effected from the Ministry's accounts maintained with a Commercial Bank at Abuja. The deductions included Commission on Turnover (COT), service charge etc. These huge deductions were made between May and December, 2007, five (5) months within the year, contrary to the provision of Financial Regulation No. 814 which stipulates that "No government organization or agency shall place government funds in any Commercial Bank that will charge any commission on transactions". However, the Permanent Secretary has been requested to investigate why the bank charges and COT were so high and to take necessary steps to recover the total deduction of ₦864,113.99 from the bank. He was also advised to re-negotiate with the bank with a view to complying with the regulation.

5.192 In the month of April, August and September, 2008, personal advances for amounts totalling ₦9,992,000.00 were granted to 6 officers of the Ministry, to procure store items and perform some services. However, it was observed that no Store Receipt Voucher was produced for items purportedly procured neither was Job Completion Certificate produced for any of the services claimed to have been carried out contrary to the extant regulations. The Permanent Secretary has been requested to produce relevant documents to support the purchases otherwise, I cannot certify the expenditures as proper and legitimate charges against public fund.

5.193 One hundred and one (101) payment vouchers raised between March and August, 2007 for amounts totalling ₦82,137,285.69 classified to the Recurrent Expenditure Subheads of the Ministry were not produced for audit examination. On account of this, I cannot certify the expenditures incurred on them as proper and legitimate charges against public fund. The Permanent Secretary has been requested to produce the vouchers for audit examination.

All the issues raised above have been communicated to the Permanent Secretary for prompt action.

BUDGET OFFICE OF THE FEDERATION

5.194. It was observed during the audit examination of the accounting and other records maintained by the Budget Office, that the direct purchase of store items for which the sum of ₦2,461,000.00 was advanced to an officer could not be confirmed as the relevant supporting Store Receipt Vouchers were not produced to authenticate payment. The Director-General has been told to produce the relevant documents, or otherwise recover the sum of ₦2,461,000.00 from the officer, forwarding recovery particulars for audit verification.

5.195 The payment of the sum of ₦1,757,000.00 as 5% tax deduction to the FIRS could not be confirmed as the payment voucher was not supported by relevant Treasury Receipts. The Director-General has been asked to remit the money to the relevant Tax Authority, forwarding receipt particulars for audit verification.

5.196 The attestation/confirmation of the supply of 4 No. Coaster Buses by a contractor before the final payment of ₦31,500,000.00 to this supplier was not carried out by the Resident Federal Auditor in the Ministry as required by Finance Circular No. 15775 of 27th June, 2001. The actual supply of these 4 No. Coaster Buses could therefore not be confirmed. The Director-General has been asked to explain why the extant regulation was not complied with.

5.197 The sum of ₦8,162,220.00 was advanced to 4 (four) officers to enable them undertake Master Degree (M.Sc.) programmes in selected courses at the University of London. The money was meant to cover registration, course and examination fees. Audit scrutiny of the payment voucher revealed that the programmes commenced between January, 2005 and January, 2007 whereas the completion dates varied between September, 2007 and September, 2009. However, there was no evidence produced to buttress the fact that the officers actually registered for the programmes, or paid the advances granted to them for the programmes. Moreso, one of the officers at the time the advance was granted was running a Ph.D programme at the University of Abuja and couldn't at the same time run the two programmes (M.Sc in London and Ph.D in Nigeria) simultaneously. The same officer is said to be at the moment a serving Commissioner in Benue State of Nigeria. The Director-General has been asked to produce documentary evidence to confirm that the officers actually registered for the programmes, still running or have completed the courses or any evidence of repayment of the advances by the officers. Explanation as to why an officer who was already running a Ph.D programme in Nigeria should be granted advance to pursue an M.Sc programme in London should also be provided.

All the issues raised above have been communicated to the Director-General for prompt action.

OFFICE OF THE ACCOUNTANT-GENERAL OF THE FEDERATION

Federal Pay Office Maiduguri

5.198 Financial Regulation No. 1803 disallows payment of staff salaries in cash. It was observed however that the Federal Pay Office, Maiduguri paid 17 Ministries, Departments and Agencies their staff salaries in cash up to the tune of ₦13,246,889.55 in 2007 financial year, without any cogent reasons.

5.199 Personal advances for amount totalling ₦1,529,600.00 were granted to some members of staff of the Pay Office between September, 2006 and April, 2007, but the advances remained unretired, contrary to Financial Regulation No. 1705. Efforts should be made to get the advances retired; otherwise, the amounts outstanding should be recovered from the salaries of the officers concerned and recovery particulars furnished for audit verification.

5.200 Bank Reconciliation Statements for the month of December, 2007 were not produced for audit inspection despite repeated demands during the period of this audit exercise. The document should be produced without further delay for audit verification and explanation given for its untimely preparation.

5.201 It was observed that amounts totalling ₦17,126,295.30 being unspent balances of Ministries and Departments as at 31st December, 2007 were not returned to chest in accordance with the provision of the Financial Regulation No. 513. The Federal Pay Officer should explain why extant rules and presidential directive on the return of unspent balances were not heeded and also account fully for the sum of ₦17,126,295.30.

5.202 Monthly Transcripts of Account for the period of 5 months January, March, April, September and November, 2007 were not produced for audit examination and the sum of ₦9,158,172.76 posted on the debit side of the cash book was not reflected in the transcript. The Federal Pay Officer has been asked to produce the Monthly Transcripts of Accounts in respect of the five outstanding months and explain the omission in the transcript which was fundamental. Subsequent preparation of transcripts should be done with utmost care in future. In addition, the final account sections of the Ministries have not been preparing the breakdown of revenue and expenditure schedules in accordance with extant regulation.

5.203 Amounts totalling ₦8,843,964.00 were withdrawn from salary accounts, using the names of two Educational Institutions without the knowledge of these Institutions. Such irregular withdrawals were not entered into the Institutions vote books. The attention of the Accountant-General of the Federation has been drawn to these malpractices and he has been requested to investigate and take necessary action against the culprit.

5.204 The sum of ₦10,768,064.00 was deducted from staff salaries as Personal Income Tax (PAYE) in the year 2005/2006 Financial years. But only the sum of ₦6,070,499.13 was remitted to the relevant tax Authority, leaving a balance of ₦4,697,564.91. This amount should be recovered and paid over to the appropriate Authority and recovery particulars forwarded for audit verification.

5.205 The total amount of ₦14,320,533.91 deducted from staff of various Ministries/Departments as National Housing Fund (NHF) between January 2005 – December, 2006, were not fully remitted to the Federal Mortgage Bank. The amount remitted was ₦12,866,433.17, with an outstanding balance of ₦1,454,500.74. The

outstanding amount should be remitted to the Federal Mortgage Bank and particulars of remittance furnished for audit verification.

All the issues have been brought to the attention of the Accountant-General of the Federation for prompt action.

Federal Pay Office, Jalingo

5.206 At the Office of the Accountant-General of the Federation, Federal Pay Office, Jalingo, Taraba State, it was revealed from examination of the accounting and other records maintained that the sum of ₦367,000.00 was collected as revenue from various Ministries between November – December, 2007. This revenue was claimed to have been remitted to the Sub-Treasurer of the Federation in Abuja. However, the relevant Treasury Receipt Book 6 meant to acknowledge receipt of the revenue by the Sub-Treasurer was not produced for audit verification. The Treasury Receipt Books should be produced for audit verification, otherwise, the amount involved should be recovered from the Revenue Collector and particulars of payment forwarded for audit verification. The attention of the Accountant-General of the Federation has been drawn to the anomaly.

Federal Pay Office Osogbo, Osun State

5.207 At the Federal Pay Office, Osogbo, Osun State, it was noted that a total sum of ₦6,343,250.00 was collected as revenue. Of this sum, ₦232,202.90 only was receipted as evidence of remittance to the Sub-Treasurer of the Federation, leaving an unremitted balance of ₦6,111,047.10. This act contradicts Financial Regulation No. 311 which stipulates that "Revenues collected must be fully and promptly brought to account". The attention of the Accountant-General of the Federation has been drawn to the deficiency and was asked to investigate and confirm that the outstanding balance of ₦6,111,047.10 has been paid, forwarding particulars of payment for audit verification.

5.208 Another sum of ₦1,588,250.00 was granted as advances to staff. Of this amount, ₦610,000.00 has been cleared, leaving an outstanding balance of ₦978,250.00, contrary to the provision of Financial Regulation No. 1705. The authority for the grant of these advances was not stated while their entry into the advances ledger was done in pencil. Also, fresh advances were observed to have been granted even when the previous ones remained outstanding. Efforts should be made to recover the outstanding advances of ₦978,250.00 fully from the staff concerned and particulars forwarded for audit verification.

5.209 In addition to the above, the Bank Reconciliation was in arrears for three months i.e July to September 2007. This is contrary to Financial Regulation No. 816. Efforts should be made to bring up-to-date the Bank Reconciliation of the Account and inform my office accordingly for verification.

All the anomalies have been communicated to the Accountant-General of the Federation for his prompt action.

Federal Pay Office, Owerri

5.210 At Federal Pay Office, Owerri, Imo State, it was observed that the sum of ₦2,230,369.14 made up of ₦1,968,003.06 for personnel cost and ₦262,366.08 for overhead cost were the unspent balances in the Ministries' Vote books as at 31st December, 2007. However, there was no evidence to show that the sum of ₦2,230,369.14 was actually remitted to the Treasury at the end of the year under review in accordance with the provisions of the Financial Regulations. The Accountant-General of the Federation has been informed of the anomaly and was asked to investigate the matter and to confirm whether or not the money has been paid, quoting relevant treasury receipt particulars for audit verification if paid.

MINISTRY OF FOREIGN AFFAIRS

5.211 During the audit examination of the accounting and other records maintained at the Ministry of Foreign Affairs Headquarters, Abuja, it was observed that certain contracts were executed by the staff in the Ministry through the issuance of Personal Advances. The personal advances granted were between ₦900,000.00 and ₦2,900,000.00. Some of the officers were given multiple advances without retiring the previous ones, contrary to the Financial Regulation Nos. 1705 and 1719.

5.212 The sum of ₦682,752.00 was paid on 4th October, 2007 to an officer, a Chief Press Secretary to the Honourable Minister of State 1 (HMOS1), being the cost of naira equivalent of 14 days estacode allowances to attend a meeting of the UN General Assembly with the Honourable Minister of State which was held in New York, USA from 1st to 15th October, 2007. Examination of the relevant payment voucher and the documents attached showed that, though a memo by the Honourable Minister of State 1 demanding her to accompany him to the UN General Assembly was approved by the Acting Permanent Secretary, some irregularities were observed in the process:-

(i) The grade level of the officer was not specified thus making it difficult to ascertain the actual estacode allowance due to her in dollar equivalent per day.
(ii) A letter inviting the Honourable Minister of State 1 to the UN General Assembly was not attached to confirm the actual number of days covered by the trip.
(iii) Used Air tickets were not attached as evidence that the journey was actually undertaken, as required by extant regulation.

All the irregularities have been communicated to the Permanent Secretary for his comments.

5.213 A refund of out-of-pocket expenses totalling ₦2,904,000.00 was made to an officer, a Deputy Director/Head (PRS) being the cost of organizing a two-day retreat for officers on Grade levels 15-17 regarding the Ministry's input in connection with a workable three – year plan for the current Administration's 7-Point Agenda scheduled for a Hotel in Abuja from Thursday 30th to Friday 31st of August, 2007. A detailed estimate was earlier obtained from the Hotel to cover cost of venue, lunch and coffee/tea break, photocopying of retreat materials and secretariat expenses for confirmation of acceptance. The estimate was later approved by the Honourable Minister of Foreign Affairs (HMFA). However, audit examination of the attached documents to the voucher revealed the following irregularities:-

(i) This amount should have been granted to the officer as a Personal Advance which should be retired at the end of the retreat instead of out-of-pocket expenses refundable after the event.

(ii) Details of the expenditure for the Retreat were not attached to confirm the actual cost expended on lunch and coffee/tea break, photocopying of retreat materials and other secretariat expenses.

(iii) Receipts in support of the actual expenditures incurred were not attached to authenticate payments.

(iv) The names of the participants that attended the retreat were also not attached.

In the circumstance, I find it difficult to accept the expenditure as a proper and legitimate charge against public funds.

5.214 Three vouchers for amounts totalling ₦39,905,000.00 were raised and paid to an officer, and 245 others as costs of training programme designed to improve general staff attitudes within the Ministry of Foreign Affairs. The payment vouchers raised to pay this total amount bore the same payment voucher Nos. and dates. Audit examination of the payment vouchers and the attached documents revealed the following irregularities:-

(i) This amount should have been issued to the officer as a personal advance instead of a direct payment. This would have enabled the officer to retire the money after the training programme.

(ii) The names of the officers trained, how much was paid to each officer and the schedule of payment showing their signatures were not attached to show how the money was disbursed, contrary to Financial Regulation 613.

(iii) The three (3) payment vouchers were raised on the same day with the same voucher numbers.

(iv) Evidence of the type of training given to the staff was not specified as there was no receipt or certificate of attendance from the training organization attached to the voucher.

(v) Further audit investigation revealed that such training did not take place during the said period and that training allowances were not paid to staff as indicated in the document.

(vi) The payment was made in spite of the Internal audit's query that the money should not be paid as a result of some irregularities, meaning that the Internal Audit Unit had not approved the payment voucher for payment.

All these irregularities have been conveyed to the Permanent Secretary for his comments.

5.215 A personal advance of ₦945,000.00 was granted to an officer of the Ministry to enable him purchase some stationery items for use in the office of the Honourable Minister, through a payment voucher raised on 5th December, 2007. Audit examination of the payment voucher and the attached documents revealed the underlisted irregularities:-

(i) A formal application for purchase of these store items was initially made by an officer for a direct purchase but a personal advance was granted instead in favour of another officer of the Ministry without giving any reason for this action

(ii) The officer in whose name the advance was eventually granted attached fake receipts to the voucher as if it was a direct purchase. The unit cost of the items he claimed to have bought was over-invoiced when compared with the current market price. The items purchased were also not taken on Store Ledger charge as neither the SRV nor SIV was attached, contrary to Financial Regulation No. 2210.

The expenditure could therefore not be said to be a proper charge against public fund. The Permanent Secretary has been informed of the irregularities for his comments.

5.216 A refund of out-of-pocket expenses totalling ₦229,500.00 was paid to an officer, in the Office of the Honourable Minister of State (HMOST II) as cost incurred on repairs and servicing of a utility vehicle attached to the HMOS II. Examination of the payment voucher and the documents attached revealed the following anomalies:-

(i) The contract for the repairs carried out should have been awarded to a reliable motor company who was initially recommended by the Director (HRIMS), instead, an out-of-pocket expenses was paid to the officer.

(ii) The quotations the officer claimed to have obtained from reputable mechanical workshops were not attached to the payment voucher.

(iii) The officer who is an Assistant Executive Officer attached to the HMOS II did not possess the technical knowledge/capacity to carry out such repairs when the Transport section is in existence in the Ministry to perform such assignment.

(iv) Receipts obtained from a Mechanical Workshop at an address opposite Uni-Jos main Campus, attached to support the claim appeared doubtful.

(v) Particulars of the vehicle to be repaired such as vehicle numbers etc were not stated for easy identification on the voucher.

(vi) The revenue that could have been generated for government through payment of Withholding tax if the transaction was awarded as a contract was lost to Federal Government.

(vii) The Internal Control system as regards maintenance of government vehicle was weak in the Ministry.

(viii) No authority to take the vehicle to Jos for the repair was quoted and no official trip was recorded as approved. The Permanent Secretary has been informed of all the anomalies for his comments.

5.217 Three (3) No. payment vouchers for amounts totalling ₦7,188,827.00 were raised and paid to a Travel Agent based in Abuja in August, 2007 in settlement of international return air tickets purchased for officers of the Ministry while on official assignments to various missions. Examination of the payment vouchers and the attached documents showed that Withholding (WHT) and Value Added Taxes (VAT) of 5% each totalling ₦1,078,324.05 were not deducted, contrary to VAT Act 102 1993 The Permanent Secretary has been requested to recover the sum of ₦1,078,324.05 from the Travel Agent and pay same to FIRS quoting relevant receipts for audit verification.

5.218 In another instance, two payment vouchers for amounts totalling ₦1,806,520.00 were raised and paid to an officer as personal advances granted to him to furnish the Consular Section of the Ministry. The two payment vouchers had the same date. It is not clear why contracts which should have been awarded to a registered contractor were split and given to staff as cash advances. This practice among other things denies Government of revenues which would be generated as taxes. The Permanent secretary has been asked to comment on the irregularity.

5.219 An Engineer who was an Officer in the Ministry was paid the sum of ₦2,185,000.00 as refund of out-of-pocket expenses incurred in respect of purchase of diesel for generating set at the headquarters of Ministry of Foreign Affairs, Abuja. A scrutiny of the payment vouchers and the attached documents revealed the following anomalies:-

(i) A memo had earlier been written for a direct purchase of diesel which was approved, but the Chief Executive Officer (Other Charges) instructed in his minute to the Senior Executive Officer to charge the expenditure as out-of-pocket expenses, in favour of the Officer instead of the company that supplied the product in contravention of extant rules on procurement.

There were no supporting documents such as Store Receipt Vouchers (SRV) and Store Issued Vouchers (SIV) to show that the product was received into the store and issued out in compliance with the Financial Regulation No. 2206.

(ii) In another instance, an officer was paid ₦950,000.00 as refund of out-of-pocket expenses to host a "modest end-of-year thank you party" for 31 members of staff of Office of (HMOS II) Honourable Minister of State II.

Audit scrutiny of the attached document to the payment voucher showed that items purchased were over-invoiced when compared with the market price, and the expenditure did not represent a judicious use of public fund, contrary to Financial Regulation No. 515.

5.220 Cash totalling ₦30 million was paid to an officer of the Ministry to enable him organize events to mark the Jubilee Celebration of the Nigerian Foreign Service in December, 2007. The relevant payment voucher was raised on the 28th December, 2007 and paid on the same day. Scrutiny of the payment voucher and the attached documents revealed the following irregularities:-

(i) The payment should have been issued as a personal advance to the officer instead of a cash payment, such that retirement would be effected after the event.

(ii) The sum of ₦1,127,000.00 expended on rent for accommodation in the hotel was not receipted, as the invoice and receipts were not attached.

(iii) Details of media and publicity coverage costing ₦18.7 million including Honoraria paid to Media Executives were not attached to authenticate payments.

(iv) Buffet menu for 500 guests at the rate of ₦4,000.00 per guest, totalling ₦2 million and cocktail for 500 guests costing ₦1,850,000.00 were not receipted, contrary to Financial Regulation No. 603.

I therefore find it difficult to accept the expenditure as a proper and legitimate charge against public fund. The irregularities have been conveyed to the Permanent Secretary for his comment.

5.221 Audit examination of the Advances Ledger for the period between years 1997 and 2007, revealed that personal advances totalling ₦4,953,257.00 granted to 114 officers of the Ministry are yet to be retired as at the time of audit inspection, contrary to Financial Regulation No. 1705 and 1719.

5.222 Similarly, personal advances for amounts totalling ₦113,587,352.64 granted to 542 officers between years 2001 and 2007 were yet to be retired as at the time of audit inspection. Incidentally, some officers were granted multiple advances even when the previous ones had not been retired, contrary to extant regulations. The anomaly has been conveyed to the Permanent Secretary requesting that the outstanding advances should be fully recovered from the affected staff, quoting recovery particulars for audit verification.

5.223 6 No payment vouchers dated 8th October, 2007 for amounts totaling ₦5,928,987.50 were paid to 2 No. members of staff of the Ministry as personal advances to enable them execute certain contracts contrary to extant regulations. The contracts should have been awarded to different competent contractors for the purpose of compliance with extant laws on due process. The Permanent Secretary has been informed of these anomalies for his comments.

All the irregularities raised above had been conveyed to the Permanent Secretary for prompt action.

OVERSEAS MISSIONS

NIGERIA HIGH COMMISSION, DAR ES SALAAM, TANZANIA

5.224 During the audit examination of the Local Currency revenue cash book of the Consular, amounts totalling 15,149,000.00 Tanzanian Shillings (₦1,498,417.40) being revenue collected on Visa Fees between January, 2007 and August, 2007 was not accounted for. Treasury Receipts (Book 6) produced for audit examination as evidence of payment of the revenue to government coffers did not relate to the revenue entered into the revenue cash book. The cash book entries were in Local Currencies (Tanzanian Shillings) while the receipts produced (Treasury Book 6) were in US Dollars.

5.225 The Consular officer claimed that he was not in the Mission when the revenue was generated. The Finance Attaché's who confirmed that he was also not in the Mission at the time of the transaction explained that the local currencies paid by those that applied for visas were first converted to US Dollars before paying the revenue to the bank. This explanation is not acceptable as the revenue in

Tanzanian local currencies could be paid directly to the bank without necessarily first converting the local currency to US Dollar. The visa fees of 15,149,000.00 Tanzanian Shillings (₦1,498,417.40) should therefore be accounted for. The Permanent Secretary has been informed of the irregularity for his comments and prompt action.

NIGERIA HIGH COMMISSION, NAIROBI, KENYA

5.226 Amounts totalling 489,103.00 Kenyan Shillings (₦882,592.81) on 9 (nine) payment vouchers were observed spent between 31st August, 2007 and 9th June, 2008 from the Mission's passports and visas Local Currency Revenue Account on repair of Computers, Passport Machine, Refund of Out of Pocket Expenses (OPE) and payment of Estacodes to officers contrary to the provisions of Financial Regulation No. 323 which stipulates that "On no account shall any withdrawal be made from the revenue accrued other than for the purpose of transfer to the CRF account"

5.227 Similarly, amounts totalling $3,664.00 (₦463,797.49) were also observed spent on 22nd August, 2007 and 6th November, 2007 from the Passports revenue U.S. Dollar Account on four (4) payment vouchers. The Permanent Secretary has been asked to explain why the extant regulation was not complied with.

5.228 During the audit examination of the Treasury Receipts and Revenue Cash Book for Revenue Local Currency Account, it was observed that amounts totalling 280,200.00 Kenyan Shillings (₦517,642.72) were collected on Treasury Receipt Book 6 No. F117748 of 2nd May, 2008 as visa fees but only 250,200.00 Kenyan Shillings (₦462,220.58) was entered into the Cash book thereby leaving 30,000.00 Kenyan Shillings (₦55,422.14) unaccounted for by the Revenue Collector. The outstanding 30,000.00 Kenyan shillings (₦55,422.14) should be recovered from the Revenue Collector. The matter has been communicated to the Permanent Secretary requesting that the money should be recovered and recovery particulars forwarded for audit verification.

5.229 Contrary to the provisions of Financial Regulation No. 513 which stipulates that "an unspent balance on a Recurrent Expenditure vote cannot be revoted", and that "The authority for recurrent expenditure conveyed by any of the warrants lapses at the end of the Financial Year to which it relates", it was observed when scrutinizing the vote books that the unspent balances of year 2007 Recurrent Expenditure Vote on 8 (eight) sub-heads for amounts totalling ₦36,129,688.56 were revoted in year 2008 instead of allowing the unspent balances to lapse into the Government Coffers. The revote should be justified by producing relevant approval from the Federal Ministry of Finance. The matter has been referred to the Permanent Secretary for his comment.

5.230 Contrary to the provisions of Financial Regulations which stipulate that "authorized expenditure should not be exceeded", 7 (seven) sub-heads of year 2007

Recurrent Expenditure vote were observed to have been over spent by ₦36,869,165.71 above the authorized expenditure of ₦31,029,057.00. The excess expenditure should be justified by producing relevant approval from the Federal Ministry of Finance, for audit verification.

NIGERIA HIGH COMMISSION, NEW DELHI, INDIA

5.231 During the audit examination of the Bank statement, the sum of Rs1,460,550.00 i.e.(₦4,264,806.00) in the Ondo State students account with the Bank of Tokyo – Mitsubishi UFJ Ltd, New Delhi had been dormant for some years. In August, 2007, the High commissioner authorized the transfer of the deposit to the Mission's account as a result of agitations from the banks. It was therefore, recommended that adequate step be taken to transfer the said amount to Ondo State government and evidence of such transfer presented for audit confirmation.

5.232 During the audit examination of revenue account, it was observed that in June 2007, the sum of US$1,103,482.09 being the accumulated revenue earned by the Mission was transferred from the Mission's account with the bank of Tokyo-Mitsubishi UFJ Ltd, New Delhi to J.P. Morgan Chase Bank in New York. In December, 2007, another sum of US$505,178.08 was transferred. Also in February 2008, the sum of US$449,662.75 being accumulated revenue was also transferred to the same bank in New York, U.S.A.

5.233 The records also indicated that to make this transfer, the bank of Tokyo-Mitsubishi UFJ Ltd, New Delhi on each occasion, usually sought for, and obtain a letter to indemnify the bank against any loss that may arise in the course of the transfer and also relieving the bank of any liability. There is nothing else to assure that the transferred fund was received by J.P. Morgan Chase Bank of New York and credited in favour of the Federal Government of Nigeria. It is therefore recommended that the Mission should seek some form of acknowledgement or confirmations that the transferred fund actually get to the desired destination, i.e. J. P. Morgan Chase Bank of New York, U.S.A.

EMBASSY OF NIGERIA CAIRO, EGYPT

5.234 It was observed that the sum of US$21,705.57 and LE1,148,001.28 being revenue generated between January, 2006 and December, 2007 by the Embassy were remitted to the Federal Government Independent Revenue Account in New York on 2nd January, 2008. Similarly, the balances on the bank statements of the US Dollar Revenue Account and the Egyptian Pound Revenue Account, as at 2nd January, 2008 being US$128,957.73 and LE 157,952.35 respectively were observed to be arrears of previous years not remitted to Federal Government contrary to extant Financial Regulations. Therefore the total sum of US$128,957.73 and LE 157,952.35 should be remitted and all the remittance particulars forwarded for audit verification.

5.235 A sum of ₦7,429,442.00 on AIE No. MFA/633/2006 dated 14th August, 2006 remitted to the Embassy could not be traced into any of the essential books of entry i.e. Cash book, Vote Book and Bank Statement, whereas, this amount was purportedly forwarded to the Mission as arrears of January to March, 2006 allocation. Surprisingly, the payment vouchers and attachments to justify the sum could not be produced. It could not be confirmed whether the Mission received the Authority to Incur Expenditure, neither was any form of documentation of how the money was spent produced for audit verification. The Permanent Secretary has been advised to confirm the actual release of this fund from the Headquarters and inform this Office accordingly.

THE EMBASSY OF NIGERIA, MANILLA, PHILIPPINES

5.236 During the audit examination of Vote Book, it was observed that the Authority to Incur Expenditure, (AIE) No. MFA/256/2006 for ₦1,203,464.32 or US$9,329.18 for officers on posting, could neither be traced in Remittance Register nor found in the A.I.E. file. The attention of the Permanent Secretary has been drawn to this irregularity for his comments.

5.237 Audit examination of a payment voucher dated 30/10/06 for P226, 744 226,744 Peso or (₦0.7 million) paid to a Medical Clinic, being payment for medical services rendered to a staff of the Mission, revealed that seven members of a family were beneficiaries instead of a maximum of six i.e. the officer, spouse and four children below the age of eighteen as required by extant regulation. From the foregoing, there was an infraction of the extant regulation which resulted in an overpayment of the bill on behalf of the last patient. The sum of Php2,744.00 (or ₦8,232.00) should therefore be recovered, forwarding the recovery details for audit verification.

THE EMBASSY OF NIGERIA BEIRUT, LEBANON

5.238 During the audit examination of Revenue Account of the Mission, it was observed that only visa fees were being collected at the Mission, while passport and authentication fees were being paid on-line. However, the total revenue generated between January, 2006 and December, 2007 amounted to US$374,200.00 while US$300,000.00 (₦37,977,215.19 = ₦1.00 = ₦0.079) was remitted to the Federal Government Independent Account on a payment voucher of 31st December, 2007 leaving an unremitted balance of US$74,200.00 as at the time of audit inspection of the Embassy in March, 2008. The Permanent Secretary has been requested to ensure that the balance of US$74,200.00 is remitted to the Federal Government Consolidated Revenue Account maintained by the Sub-Treasurer of the Federation, furnishing me with remittance particulars for audit verification.

5.239 Also, amounts totalling ₦7,002,563.29 (US$55,320.25) were paid as cash to various firms and companies between July and December, 2007. These payments contravened the provisions for the Financial Regulation No. 614 which stipulates that

"payments to firms shall be made only by cheque crossed "Not Negotiable" Account payee only" in favour of the firm or company. The anomaly has been communicated to the Permanent Secretary for his comments.

THE EMBASSY OF NIGERIA KHARTOUM, SUDAN

5.240 It was observed that various sums totaling US$235,000.00 or ₦32,007,000.00 (at an exchange rate of ₦136.20 to US$1.00) were taken from the project fund as loans by the Mission, based on approval purportedly obtained from the Ministry of Foreign Affairs Headquarters, Abuja. But there was no document produced to support this approval. This misapplication of project fund is a gross violation of the provisions of Financial Regulations No. 517 which stipulates that vote will be classified strictly in accordance with the Estimates and Vote must be applied only for the purpose for which the money was provided". The attention of the Permanent Secretary has been drawn to the anomalyfor comments.

THE EMBASSY OF NIGERIA, RABAT MOROCCO

5.241 Three (3) payment vouchers for amounts totalling US$33,000.00 or ₦4,356,000.00 (at an exchange rate of ₦132.00 to US$1.00) were raised and paid to an American School between February and May, 2006 in respect of the Mission Officers' children school fees for 2005/2006 academic session. These payment vouchers were not accompanied with relevant supporting documents such as the school fees/bills and receipts/acknowledgement for the sums paid as required by Financial Regulation No. 603 which stipulates that "all payment vouchers shall contain full particulars of each service such as dates, numbers, quantities, instances and rates… and will invariably be supported by relevant documents such as LPOs, Invoices etc." to authenticate payment. The relevant documents should be submitted for audit verification.

5.242 During the audit examination of Revenue Account of the Mission, it was observed that proceeds amounting to $490,292.02 Dirhams or ₦7,095,398.26 (at an exchange rate of 0.0691 to ₦1.00) existed as credit in an account maintained by the Mission with a Commercial Bank in Casablanca Morocco as at December, 25, 2006. But this amount was not remitted to the Independent Revenue Account maintained with J. P. Moran Chase Bank in New York as required by extant Regulations The Permanent Secretary's attention has been drawn to the deficiency for comments.

NIGERIA EMBASSY BAMAKO MALI

5.243 At Nigerian Embassy Bamako, Mali, it was observed at the time of Cash Survey that a shortage of the sum of $46,443.00 and a Surplus of FCFA3,677,053.00 were discovered in the US Dollar Account and Local Currency Account respectively. The Permanent Secretary has been asked to investigate the matter and report formally to my Office accordingly.

5.244 Between January and May 2008 the Revenue Register revealed that a total of FCFA 624,000.00 was realized as Visa fees from the mission but only FCFA583,500.00 was paid into the revenue account on TR6-G000637130 and TR6-G000637125, leaving an outstanding balance of FCFA40,500.00. The Permanent Secretary has been asked to ensure that the entire sum of FCFA150,500.00 being revenues collected but not paid to chest are paid into the government coffers, forwarding all relevant Treasury particulars for audit verification.

5.245 The examination of the vote book revealed that a total sum of ₦40,491,259.39 was unspent balance in respect of the various sub-heads at the end of the 2007 financial year. Whereas the provisions of the Financial Regulations stipulate that all unspent balances should be returned to chest at the end of every financial year, The Permanent Secretary has been asked to comply with the provisions of the Financial Regulations by forwarding to me the relevant treasury particulars for audit verification.

5.246 It was also observed that an over-expenditure of ₦81,764,440.30 was incurred on the mission's Account over and above the financial allocation during the financial year 2007. Evidence of authority to incur such over-expenditure could not be produced for audit verification. Previous Audit Inspection Report Reference No. SMEA/336/VOL.11/23 of 25th October, 2007 equally highlighted the non-adherence to budgetary provisions by the Mission. The Permanent Secretary has been asked to comment on the anomaly.

5.247 Despite previous audit inspection reports on the need for the Mission to maintain a functional store, it was observed that the provisions of Financial Regulations No. 3617 and 3619 are yet to be complied with. It will be of economic benefit for the Mission to operate and maintain a functional store. The Permanent Secretary has been informed of this situation for his comments.

EMBASSY OF THE FEDERAL REPUBLIC OF NIGERIA, SAO TOME AND PRINCIPE

5.248 The examination of the accounting and other records maintained at the above-named Embassy, revealed an excess expenditure of ₦25,954,397.26 over and above the financial allocation to the Embassy which was ₦117,866,148.87 during the year under review. The total expenditure during the year was ₦143,820,546.13, thereby resulting in over expenditure of ₦25,954,397.26. The Permanent Secretary has been requested to explain and produce the following authorities:-

(i) The sources of finance of the excess expenditure, and
(ii) The authority for incurring expenditure above the allocation to the Mission.

5.249 It was further noted that the sum of ₦8,005,443.00 was allocated under "Rent of Office Accommodation" sub-head between January, 2007 and June, 2008. Out of

this allocation, the sum of ₦4,986,171.10 was spent by the Embassy on expenses like settlement of hotel bills which were not related to the purpose for which the allocation was made, contrary to Financial Regulation No. 517. The Permanent Secretary has been asked to comment on the anomaly.

5.250 It was also observed that (6) six no store items worth ₦2,314,758.00 were not taken on store ledger charge. Indeed, there were no store documents like ledger, Store Receipt Voucher and Store Issue Voucher in use at the Mission, contrary to extant Financial Regulation No. 2206. The Permanent Secretary has been asked to comment on the anomaly.

5.251 The wall fence of the Embassy allocated land for which the sum of ₦2,302,631.58 was paid, was allegedly destroyed by unknown persons. The entire pieces of blocks used for the fencing were pulled down and carted away by the same persons. The Permanent Secretary has been asked to comment on the efforts made to restore the situation and salvage the Embassy's property.

All the irregularities were conveyed to the Permanent Secretary for his prompt action.

EMBASSY OF THE FEDERAL REPUBLIC OF NIGERIA MALABO, EQUITORIAL GUINEA

5.252 During the audit examination of the accounting and other records maintained by the above named Mission, it was observed that the sum of ₦7,757,521.67 was disbursed from revenue account between January, 2007 and May, 2008 without authority, contrary to the provisions of the Financial Regulation No. 323. The Permanent Secretary has been requested to explain why the revenue was not paid back into the Consolidated Revenue Account in compliance with Financial Regulation No. 323. He should also comment and account for the amount involved and furnish this Office with the Treasury Receipt particulars for verification.

5.253 Excess expenditure of amounts totalling ₦41,026,917.25 was noted during the scrutiny of the vote book. The Permanent Secretary has been requested to comment on the infraction.

5.254 Store items worth ₦6,824,670.36 could not be accounted for during the physical inspection of the stores. Moreover, Ledgers, Store Receipts Vouchers and Store Issue Vouchers were not maintained for the items, contrary to the provision of the Financial Regulations. The Permanent Secretary has been requested to account for the amount involved and furnish this office with the recovery particulars.

5.255 The sum of ₦261,667.16 ($2,246.07) was paid into the Head of Chancery personal account without authority. The Permanent Secretary has been asked to get the Embassy Authorities to account for the amount involved.

CONSULATE OF THE FEDERAL REPUBLIC OF NIGERIA, BATA, EQUITORIAL GUINEA

5.256 Examination of accounting and other records maintained by the above named Consulate, revealed that an unspent balance of ₦7,755,855.39 under the vote for Local Transport and Travel (T&T Sub-head) as at the end of 2006 financial year was brought forward as opening balance in 2007 and disbursed accordingly, contrary to the provisions of Financial Regulation No. 513 which stipulates that "the authority for recurrent expenditure conveyed by any warrants lapses at the end of the financial year". The Permanent Secretary has been requested to explain why the extant regulation was not complied with.

5.257 Audit scrutiny of the vote book maintained by the Consulate, revealed an excess expenditure of ₦39,649,042.99 in 2007 financial year over and above the Consulate's financial Allocation during the financial year. The Permanent Secretary has been asked to produce the authority for incurring such expenditure above the Mission's allocation.

5.258 Touring advances totaling ₦3,389,267.66 were observed to be outstanding against some officers and subsequent advances were granted to an officer without retiring the previous ones, contrary to the Financial Regulations Nos. 1705 and 1719. The Permanent Secretary has been requested to ensure that the advances are recovered immediately from the affected officer's emoluments and recovery particulars forwarded for audit verification.

FEDERAL MINISTRY OF HEALTH

5.259. During the audit examination of the accounting and other records maintained at the Federal Ministry of Health, Abuja, it was observed that a total sum of ₦701,702.62 was generated as revenue for the month of December, 2007, out of which only ₦185,550.00 was paid into government account, leaving unaccounted balance of ₦516,152.65, contrary to the Financial Regulation No. 317. The Permanent Secretary has been asked to comment on this anomaly and also confirm that the outstanding amount of ₦516,152.65 has been paid back to chest quoting payment particulars for my verification.

5.260 Deductible taxes totalling ₦2,400,618.18 were mistakenly paid to three contractors due to non-deduction of mandatory 5% Withholding Tax and wrong calculation of Value Added Tax, contrary to VAT Act No. 102, 1993. The Permanent Secretary has been asked to recover the stated sum of ₦2,400,618.18 and confirm that the recovered amount has been paid to the Tax Authorities,(the Federal Inland Revenue Service) quoting payment particulars for audit verification.

5.261 The cash book's closing balances in respect of personnel and overhead accounts of the Recurrent Expenditure which stood at ₦26,587,059.16 and ₦1,173,969.64 respectively as at 31st December, 2007 were not paid back to chest as required by the provisions of the Financial Regulations 513. The Permanent Secretary has been asked to confirm the payment of the total sum of ₦27,761,029.30 to chest and forward payment particulars for audit verification.

5.262 Salary account could not be audited due to non-availability of up-to-date staff nominal roll. The examination of the outdated nominal roll that was provided revealed a lot of discrepancies as most of the names therein could not be traced in the salary payroll and vice versa. Since the right-sizing exercise through government reform programmes and regular exit methods saw some staff out of service in the Ministry, coupled with the new in-takes, it has become imperative to review the staff nominal roll in order to properly up-date same to reflect the current staff strength in the Ministry. The Permanent Secretary has been asked to produce the up-dated and current staff nominal roll to enable me audit the staff salary account.

5.263 13 payment vouchers under personnel cost for amounts totalling ₦172,796,800.00 were paid without the mandatory internal audit check in the year 2007, contrary to extant Financial Regulation. Similarly, 14 payment vouchers under recurrent expenditure vote for amounts totalling ₦106,288,920.00 queried for irregularities by the Internal Audit Unit were paid without providing explanations or answering these queries. The Permanent Secretary has been asked to comment on these irregularities and inform me of the disciplinary action taken against the officers that approved and made such irregular payments.

5.264 During the year under review, (7) seven sub-heads of the Ministry Capital Vote had a total approved appropriation of ₦155,841,000.00. Audit examination of the D.V.E.A. Book (Vote Book) revealed a total expenditure of ₦351,097,231.00 incurred by the Ministry, resulting in an excess total expenditure of ₦195,256,271.00, contrary to Financial Regulation No. 412. The anomaly has been conveyed to the Permanent Secretary requesting him to produce financial authority for the excess expenditure.

5.265 There were duplication of postings and recordings of the same transactions under different subheads in the vote book during the year 2007. Two of such cases are stated below:

(i) A sum of ₦5,600,000.00 was duplicated under two (2) different subheads 1114 and 1115 in the vote book, with the same payment voucher and paid to the same contractor.

(ii) Another sum of ₦2,600,000.00 was duplicated in the same vote book, under the same subheads 1114 and 1115 and also paid to another contractor.

The Permanent Secretary has been requested to comment and confirm that no money was lost as a result of these irregularities.

5.266 The Anti-Retroviral Proceeds Account was opened in year 2003 as a dedicated drug revolving account maintained for the payment of proceeds from the sale of anti-retroviral drugs to HIV/AIDS patients at subsidized price(s). However, when Government reviewed the case of HIV/AIDS patients in January 2007, the policy of free drugs to the patients became operative. At the time of audit inspection in April, 2007, the account had a balance of ₦211,234,026.93 made up of a transfer balance from 2005 of ₦151,611,324.34 and proceeds generated between January, 2006 and May, 2006 of ₦59,622,702.59. Since there has been annual appropriations in the budgets of the Ministry for the project, the need for the account appear no longer necessary and for this reason, the balance of ₦211,234,026.93 in the account should be paid back to chest and forward the payment particulars for audit verification.

5.267 The Federal Manufacturing Laboratory was set up by the Federal Government to produce essential drugs like tablets, syrups, ointments and certain injectables for sale and distribution to the various medical establishments at reasonable price(s) as part of Government efforts in combating prevalent diseases like malaria, typhoid etc. However, the laboratory was shut down in 2004 by National Agency for Food and Drugs Administration and Control (NAFDAC) during a visit after observing the unsatisfactory standard of the facilities, environment and general condition of operations of the outfit. Though, the Ministry between 2006 and 2007 financial years spent a sum of ₦63,511,518.75 for various rehabilitation and reactivation jobs towards complying with operating standards as outlined by NAFDAC, the Laboratory is yet to commence production and no official explanation was offered for the delay in putting it back to production. The long closure has led to facilities lying idle and loss of revenue which should have accrued from the sale of drugs. The equipment installed may become obsolete due to non use. The issue has been taken up with the Permanent Secretary.

5.268 At Federal Ministry of Health, Abuja, a United States of America based company was awarded a contract for the customization of HIV software for use in Nigeria Anti-Retroviral (ARV) Treatment Programme in 2002 at a fixed rate of ₦132.36 to $1.00 US Dollar. The contract was in three phases viz:-

i. Development stage
ii. Training stage
iii Installation of equipment.

The terms of payment stipulated that the sum of US$1,335,000.00 (₦176,700,000.00) shall be paid in the first year of the contract being 2003, the sum of US$549,000.00 (₦72,665,640.00) shall be payable in the 2nd year 2004, and finally, the sum of US$316,000.00 (₦41,825,760.00) payable in 2005. The contract completion and delivery period was 2005.

However, as at the time of audit inspection in 2007, the company has been paid a total sum of US$717,739.50 (₦95,000,000.00) representing 32.62% of the contract sum in two tranches of ₦25,000,000.00 and ₦70,000,000.00 respectively.

5.269 Though the company is still being owed a substantial sum of the contract value, the contract appeared stalled following its re-assignment to another company by the contractor without the accomplishment of any stage of the project contractually agreed on. Also the re-assignment of the project to another company appeared to be unilateral since the consent of the Ministry was not obtained before the re-assignment was carried out. The Permanent Secretary has been requested to explain the prolonged delay in delivering the projects, the poor payment pattern on the part of Government and why the original contractor re-assigned the contract to another contractor unilateraly in contravention of the contract agreement.

5.270 A sum of ₦38,870,000.00 was paid to a company on 30th March, 2007 for the supply of various medical equipment and reagents for use at the National Blood Transfusion Service (NBTS) Centre, Lokoja, Kogi State. However, subsequent audit verification at NBTS, Lokoja revealed that 11 No. items of medical equipment valued at ₦6,018,655.16 were not supplied by the contractor. The Permanent Secretary has been requested to ask the contractor to supply the items or recover the amount from him, furnishing my Office with recovery particulars.

5.271(i) A company was paid the sum of ₦6,324,500.00 in March, 2007 for the supply of office equipment to the Servicom Unit of the Ministry. Audit verification showed that the items were never supplied to the Unit. The Permanent Secretary has been requested to ask the contractor to supply these items or recover the sum of ₦6,324,500.00 from him and forward recovery particulars for audit verification.

(ii) Similarly, a contract was awarded to a contractor for the supply of sundry drugs to Port Health Services Unit of the Ministry at a contract sum of ₦4,276,000.00. Audit verification at the store where records are kept for receipt of drugs, revealed that no such drugs were supplied to the Unit. The discrepancy has been conveyed to the Permanent Secretary asking for his comments and recovery of the amount involved.

5.272 A sum of ₦2,172,400.00 was paid to a company on 27th February, 2007 for the supply of four each of Moisture Analyzer 200 Volt and compound binocular Microscope with camera. Audit investigation revealed that the contractor supplied only one instead of four each of the two equipments approved for supply at the same contract price. The contractor should be asked to supply these items or refund the sum of ₦1,629,300.00 being the cost of the three (3) No each of the two equipments not supplied. The recovery particulars should be forwarded to my Office for audit verification.

5.273 A motor company supplied two Peugeot 307 station wagon cars for operational use of the Accounts and Budget Units of the Ministry. However, a payment voucher was raised in favour of another company for the sum of ₦9,152,000.00 for the supply of the same two 307 Peugeot station wagon cars. No proper explanation was offered for what truly transpired in these transactions, especially when the first company was the one indicated in the records of the Transport Unit of the Ministry as the supplier of the two vehicles. The Permanent Secretary has been asked to explain why payment was made to the second company as against the first that actually made the supply.

5.274 An Engineering Firm was awarded the contract for the drilling and supply/installation of 2 No Hand pump boreholes at Agbedi, Ogun state and Ofura in Obura LGA of Cross River State under NIGP/HAT Programme of the Federal Ministry of Health. The contract was awarded for the sum of ₦8,400,000.00 in July 2007. A detailed examination of the payment voucher and other supporting documents revealed that contingency fees of ₦365,217.39 was added to the ₦4,200,000.00 contract sum and paid for each of the two boreholes. There was no evidence of approval for any price variation and additional works that would have warranted the usage of contingency fees of ₦365,217.39 for each of the 2 boreholes totalling ₦730,434.78, inserted into the priced bill of quantities. As I cannot satisfy myself that the expenditure is a proper and legitimate charge against public funds, the Permanent Secretary has been required to recover the contingency fees totalling ₦730,434.78 from the contractor furnishing my Office with recovery particulars.

5.275 An examination of the capital projects and procurement payment vouchers revealed that some of the quoted and Priced Bill Of Quantities (BOQ) were overstated and contained irregularities ranging from arithmetical to casting errors. The consequence of which was the overpayment of ₦5,915,000.00 to six contractors in December, 2007. The Permanent Secretary has been asked to recover the overpayment stated against each of the six contractors totalling ₦5,710,000.00 while the schedule officers should be sanctioned for negligence. The recovery particulars and the decision of the Management on the negligent staff should be forwarded to me for verification.

All the irregularities have been taken up with the Permanent Secretary for prompt action.

MINISTRY OF INFORMATION AND COMMUNICATIONS

5.276 Examination of the Recurrent Expenditure Vote Book and its related documents at the Ministry of Information and Communications revealed that an excess expenditure of ₦1,709,329.29 was incurred from the allocated funds in 6 Sub-Heads of the Overhead Cost Vote for the year 2007, contrary to Financial Regulation 412. The Permanent Secretary has been asked to produce the approval

of the Ministry of Finance which authorized the excess expenditure against budgetary allocation.

5.277 Personal Advances granted to 38 staff members of the Ministry between August, 2006 and December, 2007 totalling ₦11,956,239.50 remained outstanding as at the time of audit inspection in April, 2008. Some of the staff members were granted subsequent advances without retiring the previous ones contrary to Financial Regulation Nos. 1705 and 1719. The Permanent Secretary has been asked to recover the outstanding advances from the officers concerned and forward the recovery particulars for audit verification.

5.278 Three (3) payment vouchers for amounts totalling ₦3,173,750.00 paid under Capital Expenditure , 21 payment vouchers for amounts totalling ₦82,833,753.00 paid under Recurrent Expenditure for February and March, 2007 were not produced for audit inspection. On account of this, I cannot confirm that the payments were proper and legitimate charges against public fund. The Permanent Secretary has been asked to produce the vouchers for audit examination.

5.279 Amounts totalling ₦37,949,243.73 were paid on 64 payment vouchers between April and October, 2007 as out-of-pocket expenses incurred by some staff members for Duty Tour Allowance, purchase of various items including office materials, printing materials, cash books etc. The items were neither taken on store ledger charge nor were they issued out vide any store issue voucher, thus making it difficult to trace the items, contrary to Financial Regulation 2206. For all intents and purposes, the purchased items should have been procured either through issuance of local purchase orders, awards of contract after competitive tenders procedure. In the circumstance therefore, it is difficult to accept the payments on them as proper charges against public funds.

5.280 Five (5) payment vouchers for amounts totalling ₦21,073,750.00 raised between January and August, 2007 under the Capital Expenditure Vote and 93 payment vouchers for amounts totalling ₦162,441,391.00 raised between January and October, 2007 under the Recurrent Expenditure vote were not produced for audit inspection. It is, therefore, difficult to accept the expenditure on them as legitimate charges against public funds.

5.281 It was observed that the Departmental Vote and Expenditure Account Books (Vote Books) maintained at the Funds Section were not properly maintained as funds released to the Ministry were not properly recorded in the vote books. This is a violation of the Financial Regulation No. 502 which provides that Officers Controlling Expenditure shall maintain vote books as stipulated by the provision. Also, it is an evidence of weak internal control system in operation in the Ministry. The Permanent Secretary has been asked to address this anomaly and ensure that the Vote books are properly maintained.

5.282 Provisions 816 of the Financial Regulations stipulate that Bank Reconciliation Statements should be prepared monthly by all Ministries and Extra-Ministerial Departments. However, in the Federal Ministry of Information and Communications, Abuja, it was observed that the monthly Bank Reconciliation Statements had only been prepared up to December, 2005 at the time of audit inspection in April, 2008. This anomaly should be looked into urgently and efforts should be made always to comply with financial rules aimed at ensuring prompt and proper accountability in the financial system of the government. The outstanding arrears should be cleared and presented for audit verification.

5.283 A total sum of ₦4,510,000.00 was paid to four(4) members of staff of the Ministry between 22nd - 29th June, 2007 for the purchase of voucher boxes, office equipment and materials. Supporting documents such as the Store Receipt Vouchers and Store Issue Vouchers were not attached to the payment voucher to authenticate the receipt and issuance of the items from the store. Moreover, the store items could not be produced for audit verification. I cannot, therefore accept the expenditure as a proper charge against public funds.

5.284 One (1) payment voucher for an amount of ₦500,000.00 paid under Capital Expenditure vote and 28 payment vouchers for amounts totalling ₦38,957,719.00 paid under Recurrent vote between April and June, 2007 were not produced for audit inspection. On account of this I cannot confirm that the payment was a proper charge against public fund.

5.285 A sum of ₦30,000,000.00 was paid on 4th June, 2007 to a company for the production of 2007 General Election Campaign materials. A scrutiny of the payment voucher revealed that the materials were purportedly received into the store on the 22nd of May, 2007 through Store Receipt voucher No. PS/147/07 and delivery No. 0000383 of 22nd May, 2007. However, the following anomalies were discovered:

(i) No receipt was produced for audit to confirm payments contrary to Financial Regulation No. 603.

(ii) The Store Receipt Voucher attached to the voucher had no ledger folio quoted to confirm that the materials have been taken on store ledger charge in accordance with the Financial Regulation 2206.

(iii) Elections were held on the 14th and 21st of April, 2007 while the materials were purportedly supplied on the 22nd of May, 2007, a month after the elections.

(iv) The entries of the items could neither be traced into the store ledger maintained nor the items produced physically for audit inspection. In the light of these irregularities, it is my opinion that no such materials were supplied since available records did not attest to any election materials supplied. The entire sum of ₦30,000,000.00 should therefore be recovered from the

contractor or the officer who approved the payment, forwarding receipt particulars for audit verification.

5.286 A sum of ₦20,000,000.00 was paid to a company on 4th June, 2007 for Grass Root Public Enlightenment of 2007 General elections. Supporting documents such as invoices and receipts obtained from the contractor and media houses were not attached to the payment voucher, in accordance with the provisions of the Financial Regulation No. 603. Furthermore, no evidence was produced to show that the sum of ₦20,000,000.00 was judiciously spent. Consequently, the payment was irregular and therefore should be recovered from the contractor or officer who approved the payment, forwarding recovery particulars for audit verification.

5.287 At the Ministry of Information and Communications, Information Division, it was observed that:

(i) A sum of ₦183,750.00 was overpaid on 26th July, 2007 to a company for the repairs and maintenance service of 450/200 KVA Generator. A scrutiny of the payment voucher revealed that the company was paid ₦2,275,000.00 instead of ₦2,100,000.00 for 350 metres of 400mm sq armored cable used for the repairs of the generator at the rate of ₦6,000.00 per metre, thus resulting in an overpayment of ₦175,000.00 plus 5% VAT of the overpayment (₦175,000.00).

The Permanent Secretary has been requested to recover the overpayment of ₦183,750.00 from the company or the officer responsible for the award, while the evidence of recovery should be forwarded for audit verification.

(ii) On 6th July, 2007, an amount of ₦1,667,203.13 was approved and paid to a staff for the settlement of an outstanding telephone bill in respect of the Office of the Honourable Minister of Information and Communication. No NITEL bills were produced for audit to confirm the amount outstanding and the period involved. Therefore, it is difficult to accept such payments as proper charges against public funds. The Permanent Secretary has been asked to comment on the irregularity and possibly effect a refund of the money.

(iii) 5% on Withholding Taxes (WHT) and 5% Value Added Taxes (VAT) totalling ₦56,574,567.14 were deducted between January and September, 2007 from various contract payments made by the Ministry but only the sum of ₦47,512,993.40 was actually remitted to the Federal Inland Revenue Service leaving a balance of ₦9,061,573.74. No reason was given for this under-payment. The Permanent Secretary has been asked to explain why only part payment was made to the FIRS thereby depriving the Federal Government from realizing its legitimate revenue of ₦9,061,573.74 during the year. He is also to confirm if the money had been remitted, quoting FIRS receipt particulars for audit verification.

(iv) A sum of ₦19,997,890.00 was paid on 44 payment vouchers between July and August, 2007 to contractors and officers of the Federal Government Press for the purchase and supply of printing materials. A scrutiny of the payment vouchers revealed that:

(a) The Store Receipt Vouchers attached to the payment vouchers had no ledger folios quoted to confirm the store ledgers into which the materials were receipted.
(b) Store Issue Vouchers were not produced to authenticate the issuance of the items from the store.

(c) Moreover, the store items could not be produced physically for audit verification.

On account of this, I cannot therefore accept the expenditure of ₦19,997,890.00 as legitimate since the primary records did not attest to the supply and receipts of the materials. The sum of ₦19,997,890.00 should be recovered from the contractors and members of staff who participated in the purchase.

5.288 One (1) payment voucher for an amount of ₦17,400,000.00 paid under Capital Expenditure Vote and 23 payment vouchers for amounts totalling ₦24,046,845.60 paid under Recurrent Vote between July and September, 2007 were not produced for audit inspection. On account of this, I cannot confirm that the payment was a proper charge against public funds, since the relevant paid vouchers which should buttress the details of transactions could not be produced. The Permanent Secretary has been requested to produce the vouchers or account for the total sum of ₦41,446,845.60 involved.

5.289 At Radio Monitoring Station, Azare, it was observed that Salary vouchers raised between February, 2003 and January, 2005 had their net figures fraudulently inflated to the tune of ₦1,567,004.74 representing excess payment over the actual net figures of salary payments to staff for the various months as follows:-

	Year 2003 ₦	**Year 2004** ₦	**January only Year 2005** ₦	**Grand Total** ₦
Amount Payable	6,641,920.15	5,902,669.86	784,737.49	
Amount Paid	7,607,552.05	6,466,128.00	822,653.04	
Difference (Excess Payment)	965,631.90	563,457.29	37,915.55	1,567,004.74

The Permanent Secretary has been requested to investigate this financial malfeasance with a view to identifying the culprits and recovery of the same. Details of recovery should be furnished for audit verification.

5.290 A total sum of ₦6,689,250.00 was paid on 8 payment vouchers on 10th September, 2007 to 7 contractors purportedly for cleaning services at Federal Information Centres in various States of the Federation. These payments were not acknowledged by the payees as there were no cash receipts attached to the vouchers nor were the cash receipts produced on demand for inspection, contrary to Financial Regulation 603. The Permanent Secretary has been asked to produce the vital documents for audit or alternatively recover the sum of ₦6,689,250.00 from the contractors and furnish my Office with recovery particulars for audit verification.

5.291 Four (4) payment vouchers for amounts totalling ₦9,500,000.00 were raised and paid to 4 organizations as financial assistance/support on 10th September and 28th December, 2007. It was however observed during the examination of the vouchers that no supporting documents such as receipts etc. were attached to the vouchers to authenticate the payments. The Permanent Secretary has been requested to produce the relevant supporting documents and inform me accordingly for audit verification.

5.292 A total sum of ₦2,878,500.00 was paid to 3 contractors for the supply of Venetian blind and stationery. Audit verification revealed that these items were not supplied as there were no records in the store, such as Store Receipt Vouchers (SRVs), Stores Issue Vouchers (SIVs) and Store Ledger produced to show how the items were receipted and utilized, neither were the items produced physically for audit inspection. The Permanent Secretary has been asked to confirm delivery by producing the vital documents for audit or alternatively recover the sum of ₦2,878,500.00 from the contractors involved and furnish me with recovery particulars for audit verification.

5.293 Nineteen (19) payment vouchers for amounts totalling ₦195,425,925.44 paid under Capital Expenditure Cash Book and 47 payment vouchers for amounts totalling ₦44,853,695.95 paid under Recurrent Expenditure Cash Book between September and December, 2007 were not produced for audit inspection. On account of this, I cannot confirm that the payment was a proper charge against public funds. The Permanent Secretary has been requested to produce the vouchers for audit verification or otherwise account for the amounts involved.

5.294 The audit of Federal Information and Communications Resource Centre, Calabar, Cross River State has not been carried out since 2005 when the Resource Centre was built and fully equipped because of the persistent refusal of the Co-ordinating Officer to allow my officers free access to the Centre and its documents to perform the statutory duties of this Office in line with the provisions of the Financial Regulations and the 1999 Constitution of the Federal Republic of Nigeria. The Permanent Secretary has been requested to look into the matter and sanction the Co-ordinating officer who refused my staff access to the Centre to carry the statutory duties of my Office.

5.295 During the audit inspection of the Stores Books and records, it was observed that several items valued at ₦22,300,201.84 allegedly supplied by various contractors during the year under review were not taken on store ledger charge contrary to the Financial Regulation No. 2206. On account of this, I find it difficult to confirm that the items were actually supplied and consequently the expenditure incurred cannot be accepted as a proper and legitimate charge against public funds. The attention of the Permanent Secretary has been drawn to the irregularities for comments.

5.296 Contract for the construction of perimeter fencing for the National Rural Telephony Projects (NRTP) in four states, Lagos, Delta, Oyo, and Imo States was awarded to a company based in Oyo State on 24th April, 2007, at a contract sum of ₦9,840,000.00 with a completion period put at six weeks after the signing of the Agreement. Audit examination of the payment voucher raised to pay for the contract revealed the following anomalies:-

(a) there was no evidence of competitive tendering for the contract;
(b) the terms of payment as specified in the contract agreement was not strictly followed;
(c) Funds were released for the project before the award of contract;
(d) No Bank Guarantee was submitted by the contractor;
(e) The last payment on the contract was not submitted to the Resident Federal Auditor for co-signing in accordance with the Financial Circular No. F15775 of 27th June, 2001.
(f) The Job Performance Certificate was signed by the Director of Telecommunication without appending the date, thus not confirming the actual date of completion of the project.
(g) Both Due Process Certificate and payment for the contract were made on the same day.

The attention of the Permanent Secretary had been drawn to the foregoing irregularities for his comments.

5.297 Another contract for the construction of perimeter fencing for National Rural Telephony Projects (NRTP) at Kebbi, Kaduna, and Kano states at a cost of ₦8,983,744.00 was awarded in May, 2007 and payment effected on a payment voucher dated 2nd May, 2007. Audit examination of the relevant payment voucher revealed the following anomalies:-

(a) Priced Bill of Quantity was not submitted
(b) There was not evidence of competitive bidding for the contract
(c) Funds were released to the contractor before the award
(d) Payment effected before the completion period of the contract of (6) six weeks
(e) The contract agreement was signed and dated on 26th April, 2007; payment made on the 2nd May, 2007 while the paid stamp affixed on the voucher was

26th April, 2007. The Honourable Minister's approval was also dated 26th April, 2007.

(f) Finally, the last payment for the contract was not attested to by representative of the Auditor-General's office contrary to the Financial Circular No. 15775 of 27th June, 2001.

The attention of the Permanent Secretary had been drawn to the various anomalies for his comments.

5.298 A payment voucher was raised in February 2007 for the sum of ₦5,878,107.17 and paid to a contractor based in Abuja for the purchase/supply of Library books (i.e. Scientific Books) for the Ministry's Library. Audit examination of the voucher revealed the following anomalies:-

(a) No evidence of competitive bidding for the contract
(b) The sum of ₦587,810.72 in respect of WHT/VAT deducted from the contract sum was not supported by Treasury receipt particulars confirming that the revenue had been paid over to the FIRS as required by VAT Act No. 102 of 1993.
(c) The Contract Agreement was not dated.
(d) Last payment made to the contractor was not supported by attestation of the Auditor-General's representatives since the contract's value exceeds ₦5 million as required by extant regulation.

5.299 A payment voucher dated January 2007 for the sum of ₦6,755,000.00 was paid to a Lagos-based contractor for the expansion of the Ministry's Computerization's Network. Audit examination of the voucher revealed the following anomalies:-

(a) There was no evidence of competitive bidding for the contract
(b) No due process certificate attached
(c) No approval of the Minister for the payment attached.
(d) Sum of ₦675,500.00 deducted as Withholding Tax/Value Added Tax, was not supported by any treasury receipt to confirm that the taxes have been remitted to the tax authorities.

The attention of the Permanent Secretary has been invited to all the anomalies for his comments.

5.300 A payment voucher dated January, 2007 for ₦8,250,000.00 was paid to a Lagos based company for the purchase of computer security management system for the Ministry. Audit examination of the voucher revealed the following irregularities:-

(a) No Ministerial approval attached;

(b) No evidence of competitive bidding for the contract;
(c) Sum of ₦825,000.00 deducted as WHT/VAT was not supported by any Treasury receipt to confirm that the taxes have been remitted to the tax authorities.

All the irregularities raised above had been brought to the attention of the Permanent Secretary for prompt action.

NIGERIAN POSTAL SERVICE

Nigerian Postal Service Headquarters, Abuja

5.301. Contract for the Electrification of General Post Office, Ikeja, Lagos State was awarded to a company based in Lagos for ₦9,037,493.63 on 19th December, 2006. A payment of ₦8,130,744.77 was made on a payment voucher raised on the 8th March, 2007 for ₦7,746,425.11 without passing through the scrutiny of the Representative of the Auditor-General for the Federation, as required by Financial Circular No. 15775 of 26th June, 2001. Moreover, the total of ₦774,642.32 deducted as Withholding Tax and Value Added Tax of ₦387,32.16 each was not supported by Treasury Receipt to confirm that the money had been remitted to the Federal Inland Revenue Service as required by VAT Act No. 102, 1993 and Financial Regulation No. 334. The attention of the Postmaster-General has been drawn to the anomaly for his comments.

5.302 5 members of staff of NIPOST were granted cash advances totalling ₦13,507,533.25 to purchase different capital items between January and May, 2007. These transactions should have been handled by contract award or issuance of Local Purchase Orders as required by the Financial Regulation No. 2909. Moreover, the revenue to the Federal Government by way of Withholding taxes and Value Added Taxes was paid to the staff instead of the Federal Inland Revenue Service as allowed by extant Regulation. The Postmaster-General has been informed of the irregularity and he was asked to explain why the regulations have been flouted.

5.303 Three (3) companies which were awarded maintenance contracts for NIPOST X-Ray Scanning Machine, between January and May 2007 were paid a total sum of ₦2,903,953.93. There was no evidence that the payments of 5% Value Added Tax of ₦145,197.90 and 5% Consultancy Fee (WHT) of ₦145,197.90 which were deducted from the contract sum paid were remitted to the Tax Authorities, contrary to VAT Act No. 102 of 1993. The Postmaster-General has been requested to comment on the irregularity and also to confirm that the total sums of ₦290,395.80 has been paid to FIRS, forwarding receipt particulars for audit verification.

5.304 The sum of ₦1,696,500.00 was transferred to Lagos Mainland Territory, Lagos on a payment voucher raised on the 1st February, 2007 for the payment of Casual Postmen for the First Quarter of 2007. There were no supporting documents to show the list of the Casual Postmen and amount paid to each, for the period quoted to authenticate payment, contrary to Financial Regulation No. 613. The Postmaster-General has been informed of the anomalies and was asked to produce the relevant documents for audit examination.

All the irregularities had been conveyed to the Postmaster-General for prompt action.

Nigeria Postal Service, Gombe

5.305 At the Nigerian Postal Service, Gombe, audit of the financial records for the period January to December, 2006, revealed that 53 organizations, 194 individuals and business outfits were owing amounts totalling ₦601,350.00. The total revenue expected to be collected within the financial year under audit was thus diminished by this amount. The Postmaster-General has been requested to ensure that the revenue is collected, and the relevant treasury receipt particulars furnished for audit verification.

5.306 Also, a total sum of ₦207,642.00 being revenue due from 120 No of subscribers on rental charges for Private Mail Bags were still outstanding at the time of audit inspection. The Postmaster-General was requested to ensure that the amount is recovered immediately and the recovery particulars forwarded to this Office for audit verification.

NIPOST Territorial Headquarter, Birnin Kebbi

5.307 During the examination of accounting and other records maintained at Nigeria Postal Service, Territorial Headquarters, Birnin Kebbi, Kebbi State, it was observed that the sum of ₦515,000.00 was paid as personal advance to an officer in the department on 5 payment vouchers to enable NIPOST participate in 2007 edition of Argungu Fishing Festival on 7th May, 2007. Audit investigation revealed that the Festival was eventually cancelled and there was no record to show how the money was utilized. The Postmaster-General has been requested to recover the sum of ₦515,000.00 from the beneficiary since the Festival was cancelled and forward recovery particulars for audit verification.

NIPOST Territorial Headquarters, Jalingo

5.308 During the audit examination of accounting and other records maintained by the Nigeria Postal Service, Territorial Headquarters, Jalingo, it was noted that the total sum of ₦427,500.00 was owed by various individuals and organizations for the rental of post office boxes and private mail bags between January 2004 and December, 2006 as at the time of audit inspection in May, 2008. However, no

serious effort was seen to have been made to recover these debts from the defaulters, instead, additional services were being provided for them. The attention of the Postmaster-General has been drawn to this anomaly and has been requiested to pursue the recovery of the outstanding debts, forwarding recovery particulars for audit verification.

NIPOST Territorial Headquarters, Ilorin

5.309 At the Nigerian Postal Services, Ilorin, Kwara State, it was observed that the management of NIPOST entered into a joint-venture agreement with a private developer in 1996 to build shops within selected NIPOST Office premises in Kwara State for rent to members of the public. The proceeds or revenue accruing from the shop rentals were to be shared in the ratio of 20:80 i.e. 20% to NIPOST while 80% goes to the private developer.

5.310 However, further audit scrutiny of the financial records revealed that the private developer on completion of the project was expected to pay annually the sum of ₦289,200.00 to NIPOST as its own share of 20% of the rent proceeds over a period of fifteen years. Between 1998 to 2001, only the sum of ₦194,756.50 was paid to NIPOST thus reneging on the joint venture agreement. The management of NIPOST appears to have done nothing, not even invoking the provisions of the agreement to make a case. Consequently, the total amount standing as arrears from the venture and due to NIPOST was ₦2,986,443.50 since 2001 when the developer ceased further payment to NIPOST. The NIPOST Management has been advised to get the developer to pay all the outstanding arrears of ₦2,986,443.50 and in the event of failure by the developer, terminate the agreement by virtue of this default. The response of the Post-Master-Generalis being expected.

FEDERAL MINISTRY OF INTERIOR

5.311. The audit examination of the Vote book and the Monthly Transcript of account prepared at the Federal Ministry of Interior for the year 2007, showed that the Subheads total in respect of the Overhead Cost for the Ministry as forwarded to the Accountant-General of the Federation in the Monthly Transcripts of account amounted to ₦404,782,041.14, whereas the Subheads total in respect of the same Overhead as reflected in the Vote Book, amounted to ₦414,660,954.86. This resulted in a difference of ₦9,878,913.72, which appears to represent an unspent balance that should be returned to chest by the Ministry. The anomaly has been communicated to the Permanent Secretary for clarification.

5.312 An officer of the Ministry was granted a cash advance for ₦1,254,000.00 on a Payment voucher dated May, 2007 for the purchase of computer items without the approval of the Honourable Minister, contrary to the conditions guiding the procurement of stores as stipulated in the Treasury Circular No. A1&B1/2007 of 10th

March, 2007 and Financial Regulation Chapter 31 which stipulates among other things, that "all local purchase of stores and all works and services, costing over ₦500,000.00 must be obtained by contract after public tender". Financial Regulations 3303 and 3308 also stipulate that "all expenditure above ₦1,000,000.00 requires the approval of the Honourable Minister". The advance has not been retired at the time of audit inspection in March, 2008, contrary to Financial Regulation No. 1705. The anomaly has been communicated to the Permanent Secretary for his comments.

5.313 Under the Capital Expenditure for the year under review, it was observed that a contract for the supply of sports equipment for amounts totalling ₦5,334,500.00 which was awarded to an indigenous contractor was paid for in two installments with different classifications. The first payment for the sum of ₦1,801,500.00 was effected under a vote meant for Renovation of Marriage Registry while the balance of ₦3,533,000.00 was properly classified under the Subhead for sporting equipment. There is evidently a misclassification of vote, which indicates that the Ministry spent money for purpose not intended, in disregard to the financial regulation No. 517 which stipulates that "Expenditure will be classified strictly in accordance with the Estimates and votes must be applied only to the purpose for which the money was provided". The anomaly has been communicated to the Permanent Secretary for comments.

5.314 The verification of the Bank Statements in respect of Overhead Cost account maintained for the defunct Directorate of National Civic Registration (DNCR) in a Commercial bank revealed that the account was overdrawn by ₦8,038,774.50 on 3rd July, 2007 and that an interest charge amounting to ₦5,596.01 was incurred as a result of the overdrawn balance. This violates Financial Regulation No. 806 which stipulates that "No Government Bank account may be overdrawn or any temporary advance obtained from a bank without the prior permission of the Accountant-General. In the event of an account being overdrawn without prior authority, the officer responsible may be called upon to refund charges incurred". The anomaly has been communicated to the Permanent Secretary asking him to comment on the issue and also to account for the interest of ₦5,596.01, forwarding the recovery particulars to this Office for audit verification.

5.315 Office items worth ₦4,926,000.00 were purchased by the Ministry between February and July 2007 without complying with Due Process. The materials purchased were not taken on store ledger charge as at the time of audit inspection in March 2008. These purchases were made to circumvent Due Process which forbids splitting in five batches of amount ranging from ₦975,000.00 to ₦998,000.00 and all paid on one bank cheque on the same date 15 July 2007. Also, the sums paid exceeded the approval limit of the approving officer. The Permanent Secretary has been asked to comment on the irregularity.

5.316 A similar breach of Due Process Rules was committed by giving cash advances totalling ₦3,333,500.00 to three different officers for the purchase of

stationeries between August and September 2007 with intent to split purchases, contrary to the Financial Regulation 2006(1702 ii) which stipulates "that advances of such magnitude should be approved by the Hon. Minister of Finance or by the Accounting Officer" The Permanent Secretary has also been asked to comment on the anomaly.

5.317 Cash Advances for amounts totalling ₦5,691,300.00 were granted to officers of the Ministry between July and September, 2007. These personal advances which should have been fully retired by the end of 2007 financial year still remained unretired at the time of audit inspection in August 2008. The Permanent secretary has been requested to recover the advances from the affected officers and forward relevant particulars for audit verification.

5.318 24 payment vouchers raised and paid between March and June 2007, from the Capital Expenditure Vote for amounts totalling ₦24,047,100.00 were not produced for audit examination. In the absence of these vouchers, I cannot accept the expenditure incurred on them to be proper and legitimate charge against public funds. The permanent Secretary has been requested to produce the payment vouchers for audit examination.

All the irregularities have been conveyed to the Permanent Secretary for prompt action.

NIGERIA IMMIGRATION SERVICE

5.319 During the audit examination of the accounting and other records kept at Nigerian Immigration Service, Headquarters, Abuja, the documentary evidence in support of the following disbursements were not produced to authenticate payment contrary to Financial Regulation No. 603:-

(i) Payment of ₦640,000.00 for Enlightenment and Publicity of e-Passport project in October, 2007, made to a reputable Media House in Abuja.

(ii) Payment of ₦960,232.00 for Return air tickets to Moscow for some officers in August, 2007.

(iii) Payment of ₦1,500,000.00 for TV documentary on the Immigration Service, by an Abuja-based company in November, 2007.

The Comptroller-General has been requested to recover the three payments, totalling ₦3,100,232.00 from the officer in-charge and pay same to government treasury; forwarding the recovery particulars for audit verification.

5.320 The sum of ₦683,280.00 was allegedly paid in May 2007, as refund for out-of-pocket expenses for the construction of quarter guard. As at the time of audit

inspection, the said job had been abandoned despite the fact that full payment has been made to the contractor or officer who handled the project. The Comptroller-General has been asked to recover from the contractor or officer the sum of ₦683,280.00 and furnish my Office with details of recovery for audit verification.

5.321 An illegal movement of ₦300,000,000.00 from the Nigeria Immigration Service Account with a commercial bank to a company's Bank account was effected on 25th October, 2007. The money was returned to the Immigration Account in December 2007 for undisclosed transaction. This transfer was not reflected on the Cashbook and no payment voucher was raised to support the transaction. Contrary to Financial Regulation 603. The Comptroller of Immigration has been requested to explain this unusual transfer and to furnish evidence that the interest accrued on this fund had been remitted into the Immigration Service Account quoting relevant particulars for audit verification.

5.322 A construction company was awarded a contract for the perimeter wall fencing of the Area Office at Sapele, Delta State at a total contract sum of ₦17,470,826.00. During audit inspection visit to the site in November, 2007, the contractor was not found on site and no work has been done. The contractor has collected the sum of ₦4,367,706.50 representing 25% advance payment in July, 2006 for which an unofficial receipt (with no number indicated) dated 20th July, 2007 was issued by the contractor. The Comptroller-General has been requested to recover the sum of ₦4,367,706.50 paid as mobilization fee from the contractor as he has failed to perform according to the terms and conditions stipulated in both the letter of award and contract agreement. The recovery particulars should be forwarded for audit verification.

5.323 A personal advance was allegedly granted to an officer on a payment voucher dated July 2007 for ₦14,177,350.00 to enable him handle the public relation expenses in connection with the e-passport sensitization and enlightenment programme. When the advance was retired in November, 2007, the officer submitted fictitious receipts to support expenditure totalling ₦6,146,000.00. (4) four fake receipts submitted were computer print-outs while (3) three of them for amounts totalling ₦3,000,000.00 were not signed, while the only receipt signed cover only the sum of ₦20,000.00. Moreover, 200,000 Hand Bills costing ₦500,000.00 and 25,000 units of well-up banners costing ₦200,000.00 were not taken on store ledger charge and issued to the beneficiaries. In the circumstance, I am unable to accept the expenditure made on these fictitious receipts as proper and legitimate charges against public funds. The matter has been communicated to the Controller-General for detailed investigation and recovery of the amount involved.

5.324 An overpayment of ₦1,635,000.00 was made to the Nigerian Army as a result of payment made by the Nigeria Immigration Service for the training of (300) three hundred Immigration Cadet Superintendents at the Immigration Training School, Kano, Kano state in October, 2007. The total cost of the training of 300 trainees amounted to ₦3,307,000.00 for 90 days, whereas the period of training covered only

45 days. Moreover, the payment made for ₦1,635,000.00 was not acknowledged contrary to Financial Regulation No. 613. The Comptroller-General has been informed of the irregularity and requested to recover the sum of ₦1,635,000.00 from the payee, forwarding receipt particulars for audit verification.

5.325 A personal advance of ₦400,000.00 was granted to an officer in July, 2007 to enable him supervise a mopping up exercise. At the time of audit inspection, the advance was retired with a balance of ₦41,250.00 unaccounted for. Efforts should be made to recover the balance of ₦41,250.00 from the officer, forwarding receipt particulars for audit verification.

5.326 The sum of ₦700,000.00 was paid through two payment vouchers dated February, 2007 to an officer for the settlement of Medical bill incurred in a London Hospital. The only document attached to the vouchers was a letter stating the estimated charges to cover the treatment but the admission letter, invoice/receipt issues together with the relevant referral letter issued by the Nigerian Immigration Service Clinic or any approval from any government hospital in Nigeria before embarking on the overseas treatment, was not attached. In the absence of these vital documents, I find it difficult to accept the payment as a proper and legitimate charge against public fund. The Comptroller-General has been urged to produce these vital documents for audit verification.

Nigerian Immigration Service, Dutse

5.327 While examining the accounting and other records maintained at the Nigerian Immigration Service, Dutse, it was observed that out of the sum of ₦157,216.00 recorded as revenue realized from visa re-entry, only the sum of ₦42,000.00 was lodged in the Federal Government account leaving a balance of ₦115,216.00 unaccounted for, contrary to Financial Regulation No. 613. The Comptroller-General has been asked to recover the amount and transfer same to Federal Government account without further delay, forwarding receipt particulars for audit verification.

Nigeria Immigration Service, Taraba state

5.328 During the audit examination of accounting and other records at Nigeria Immigration Service, Taraba State Command, Jalingo, the following anomalies were revealed fourteen (14) payment vouchers for amounts totalling ₦320,000.00 charged to the Overhead Expenditure Account of the Command in the month of July, 2007 were not produced for audit examination as at the time of our audit inspection in September, 2007. On account of this, I find it difficult to accept the expenditure incurred on them as proper and legitimate charges against public fund. The Comptroller-General has been requested to produce the payment vouchers for audit verification.

Nigeria Immigration Service, Enugu, Enugu State

5.329 During the audit inspection of the Nigeria Immigration Service, Enugu State Command, Enugu, it was observed that no revenue receipt was issued for revenue collected in all the revenue sections of the Command for the period 2006 and 2007. In particular, it was observed that treasury receipts were not being issued for the procurement of Nigeria Passport. The Passport serial numbers were not entered in the Revenue Cash Book. Consequently, it was difficult to confirm the total amount collected as revenue over the period, as no record was maintained for these revenue. The attention of the Comptroller-General has been drawn to all the irregularities and he was requested to investigate why the Federal Government has been made to suffer heavy financial loss over the years for non-observance of Financial Regulations and to recover all established losses from the culprits forwarding the outcome of the investigation to my Ofice for verification.

NIGERIAN PRISONS SERVICE

5.330 The examination of Salary Pay Rolls and Personal Emolument Records maintained at the Nigerian Prison Service revealed that 7.5% mandatory contributory pension scheme introduced by government in April, 2006 was not implemented as at the time of audit in December, 2007. The scheme should be implemented and the arrears recovered from the officers' salaries as from the commencement date. Evidence of recovery particulars and full implementation of the scheme should be forwarded for audit verification.

5.331 It was observed that domestic servant allowances were being paid to officers effective from May, 2006 without written approval or authority obtained from National Salaries, Incomes and Wages Commission. For instance, the sum of ₦11,130.15 was paid as salary for one domestic servant to officers on grade levels 08-12; ₦22,260.30 as salary for two domestic servants to officers on grade levels 13-14; and ₦33,390.45 as salary for three domestic servants to officers on grade levels 15-16. The approval letter should be produced otherwise further payments should not be made, while the amounts paid so far should be recovered from the affected officers, forwarding recovery particulars for audit verification.

5.332 The sum of ₦3,618,000.00 was paid to a contractor on a payment voucher dated 8th June, 2007 for feeding 24,120 inmates between 18th and 30th June, 2005 during the period of Jail break. However, audit examination of the payment voucher revealed the following irregularities:-

(i) Three different contract award letters were issued for the job on different dates to the contractor.
(ii) The contract agreement was signed on 13th February, 2006 while the letter of acceptance of contract award for the supply of foodstuffs to Port Harcourt

Prison for the period of 18th-30th June, 2005 was signed on 13th March, 2006, indicating a retrospective agreement.

(iii) The original of Prison Book 13 with the Comptroller of Prisons confirmation and the applications made by the contractor for payment, were not produced for audit.

(iv) The original contract award letter to the contractor dated 13th February, 2005, was not produced for inspection and confirmation.

I therefore find it difficult to accept the payment as a proper and legitimate charge against public funds. Consequently, the sum of ₦3,618,000.00 involved should be recovered from the contractor and recovery particulars forwarded for audit verification.

5.333 Similarly, another sum of ₦892,200.00 was paid to a contractor on a payment voucher dated 7th May, 2007 for the feeding of 5,945 inmates at Zuru Prisons in Kebbi State for the month of October, 2005. Original copies of the contract award letters were not produced for audit. There were two different award letters signed and issued to the contractor by two different officers for the same purpose. Payments made to the contractor were not in line with the signed contract agreement. The sums paid were not authenticated by the Comptroller of Prisons with the Superintendent and Cook Warder by attaching the originals of Prisons Book 13 to the payment voucher. It is therefore difficult for me to accept the payment as a proper and legitimate charge against public funds. On account of these irregularities the Comptroller-General has been requested to:-

(i) investigate the circumstances surrounding the issuance of double or triple contract award letters to the contractors;

(ii) produce original award letters, signed original copies of Prisons book 13, as well as authenticated figures by the Comptroller in respect of the contracts; and

(iii) explain the non-certification of the payment of the sum of ₦892,200.00, otherwise recover the amount involved from the contractor with evidence of recovery forwarded for audit verification.

5.334(a) A contract was awarded to a company for the supply of 5000 Motorcycles at a total contract sum of ₦450,000,000.00. The motorcycles were to be allocated to desired officers at ₦90,000.00 each, payable in 16 months through deductions from their monthly salaries. On 14th March, 2007 the management instructed that the contractor should be paid the sum of ₦231,210,000.00 for a period of 16 months for the supply of 2,569 units of motorcycles to its staff through the account maintained with a Commercial Bank in Maitama, Abuja. The instruction

was to be executed by payment of an estimated monthly installments of ₦14,450,625.00 with effect from 30 days from the date of supply to individual beneficiary of the scheme which would be communicated to the bank.

(b) Similarly, an irrevocable instruction was given to a commercial bank based in Maitama, Abuja by the Service on 22nd May, 2007 to pay the contactor through a Commercial Bank in Kano a sum of ₦218,790,000.00 over a period of 16 months for the supply of 2,431 units of motorcycles to its staff. The instruction was to be executed through payment of an estimated monthly installment of ₦13,674,375.00 with effect from 30 days from the date of supply to the individual beneficiary of the scheme which would be communicated to the bank by the Service.

(c) Audit scrutiny of the contract documents revealed the following anomalies:-

(i) No evidence was produced to show that 5,000 motorcycles were supplied.

(ii) Necessary accounting records such as advance ledgers were not maintained, to facilitate recovery of the loans from the staff who benefited in the scheme.

(iii) No deductions were made from the salaries of 51 officers of Abia Command and 57 officers of Rivers State Command who benefited from the loan. This should be made from their salaries with evidence of recovery forwarded for audit verification; and

(iv) The sum of ₦101,154,375.00 had so far been paid to the contractor through deductions from the salary account of the Service while a total sum of ₦28,138,337.87 was recovered from the beneficiaries of the loan nationwide. This revealed that many officers who benefited from the loan failed to service the loan monthly. This trend should be arrested immediately. Therefore, the Comptroller-General has been advised to maintain these vital documents such as Advances Ledgers and Credit ledgers to reflect all deductions accordingly. Evidence of recovery should be produced for audit verification.

5.335(a) An amount of ₦382,050.00 was paid to a contractor on a payment voucher dated 10th August, 2007 for the feeding of 2,547 inmates at Hadejia Prison in Jigawa State, for the month of September, 2005. The payment was duplicated on another voucher dated 18th June, 2007 to the same contractor. A scrutiny of the two payment vouchers revealed that they were supported with the same approval and documents. This

constituted double payment which should be recovered from the contractor immediately, forwarding recovery particulars for audit verification.

(b) Another contractor was paid the sum of ₦97,500.00 on a payment voucher dated 18th May, 2007 for the feeding of 650 inmates at Toro Satellite Prisons, Bauchi State for the month of October, 2005. This payment was again duplicated on another voucher dated 21st August, 2007 in the name of another contractor for the same month and purpose. A scrutiny of the payment voucher revealed that the ration certificates were signed and certified by different officers. Original letters of award, contract agreements and Prisons Book 13 were not produced for audit examination.

Efforts should be made to recover the sum of ₦479,550.00 involved from the two contractors, furnishing particulars of recovery for audit verification.

5.336 In order to enhance the efficiency, effectiveness and quick service delivery by the Prison officers, the Prisons Headquarters, Abuja with the assistance of the Office of the National Security Adviser to the President and some Nigerian Banks agreed to deliver to the Service and accept monthly payments for a total number of 480 assorted vehicles comprising; 136 Peugeot 406; 210 Peugeot 307; and 134 Peugeot 206 series to be given to some officers as loan payable in sixty (60) months. The Nigeria Prison Service is to service the loan through monthly payments and installmental deductions from the salaries of the officers that benefited from the loan scheme. From the records made available, 480 vehicles had so far been delivered, 382 issued to officers concerned leaving 5 Peugeot 406; 61 Peugeot 307; and 32 Peugeot 206 outstanding at the time of audit inspection in February, 2008. Although the scheme is laudable and worthy of emulation; the following anomalies were noted during the implementation process:-

(i) Vital documents such as Advances Ledgers opened for the beneficiaries of the loan, Credit register in favour of the banks showing the number of vehicles supplied and corresponding amounts, values, monthly payments or deductions from the monthly allocation were not maintained to ascertain the sums paid, outstanding balances and the number of vehicles being serviced.

(ii) An over deduction was made from salary accounts used to service the scheme. It was noted that total deduction from staff salaries was ₦74,570,278.00 while deductions from Prisons salary account was ₦109,347,195, resulting in an over deduction of ₦34,776,916.70 as at December, 2007. The implication of this development is that the service made payments for vehicles not supplied and for officers that defaulted in their monthly payments.

(iii) Nine (9) officers who left the service at different dates had outstanding vehicle loans totalling ₦9,044,550.00. This should be recovered from their gratuities and pensions; otherwise from their next-of-kins or guarantors.

(iv) Forty-nine (49) officers defaulted between 2-3 months in their monthly payments to the tune of ₦3,520,368.00 which should be recovered; and recovery particulars forwarded for audit verification.

(v) No records were produced to show that 38 officers received their vehicles even though ₦934,918.00 have been deducted from their salaries as at December, 2007.

Efforts should therefore be made to maintain proper accounting records relating to the scheme. Also, the recovery particulars should be furnished to confirm proper and effective deductions of the loan, for audit verification.

5.337 A contractor was paid the sum of ₦11,938,862.00 for the procurement of Laboratory items at Agodi, Minna, Jos and Enugu Prisons. A scrutiny of the relevant documents revealed that the items were procured and supplied at the Prisons Headquarters, Abuja instead of the Prisons they were meant for as specified in the contract award letter and the contract agreement signed. These items were claimed to have been supplied the same day the contract was awarded as shown in the letter of award and the Store Receipt Voucher (SRV) Nos 992323 and 992324 dated 22nd December, 2006. The items were not produced physically for inspection as at the time of audit. There was also no evidence to show that Store Issue Vouchers were raised for issuance to the various prisons, neither was there evidence of receipts of the laboratory items with the various prisons stores. Worse still there was no satisfactory explanation offered for these irregularities. On account of these, the Comptroller-General has been asked to investigate the whereabout of the items worth ₦11,938,892.00 and to furnish details of receipts, or otherwise account for the amount involved, forwarding particulars of recovery for audit verification.

5.338(a) Contract for the completion of 1 No. Storey Building at Kaduna Prison Training School, Kaduna state was awarded to a contractor on the 10th August, 2006 at a contract sum of ₦18,350,000.00 out of which he was paid the sum of ₦16,563,344.00, leaving a balance of ₦1,786,656.00 made up of ₦1,574,250.00 contingency sum and ₦212,406.00, being retention fee payable after expiration of defect liability period. The following irregularities were noticed in the execution and payments for the project:-

(i) The contingency sum of ₦1,574,250.00 which was deducted from the contract sum of ₦18,350,000.00 for non-utilization as contained in the agreement was used for the provision of Administrative/Supervision materials not originally included in the project. The virement was done without prior approval;

(ii) The supervision material purchased and the project car repaired totalling ₦1,495,000.00 were not produced for audit inspection;

(iii) No evidence was produced to confirm that the items purchased were received and taken on store ledger charge.

(iv) The suggestion of the Commandant of the Training School not to pay the retention fee until repairs are made on the defective electrical works, leaking roof, soak-away, etc as contained in his memo of 27th June, 2007 were ignored as the contingency of ₦1,574,250.00 and the retention fee of ₦212,406.00 totalling ₦1,786,656.00 was paid to the contractor on a payment voucher dated 28th September, 2007 without effecting repairs on the hostel. There were no applications made by the contractor for the release of the retention fee in accordance with the provision of the agreement.

(b) Consequently, the Comptroller-General has been asked to:-

(i) produce the approval for the provision of supervision materials worth ₦1,574,250.00 that were not originally included in the contract agreement;
(ii) produce supervision materials worth ₦1,495,000.00; and
(iii) produce the store records with which the materials were taken on ledger charge.

Alternatively, the Comptroller-General was requested to account for the sum of ₦1,574,250.00 involved and furnish details of recovery for audit verification.

Nigerian Prisons Service, Jalingo

5.339 During the examination of the accounting records presented by the Nigeria Prison Service, Headquarters, Jalingo, it was observed that the sum of ₦800,000.00 was granted to an officer of the Service between 20th November – 17th December, 2007 for the construction of central sewage system and slabs, and the re-canalization of toilet outlets from various cells in Jalingo Prison by direct labour. Physical audit inspection revealed that the job was poorly executed as the officer lacked the technical expertise to carry out the jobs. Such jobs should have been better handled by contract award to a competent firm. At least three(3) quotations should have been collected from three(3) contractors in order to give room for competitive bidding in accordance with the provision of the Financial Regulation No. 2902 which stipulates that “A contract should be awarded as a result of competition by tender, unless there are specific reasons to the contrary”. Competition brings about effectiveness, efficiency and due economy. The Comptroller-General has been requested to ensure the completion of these jobs to specification or refund the money back to treasury and inform my Office for audit verification.

5.340 Drugs and other preventive health items totalling ₦510,000.00 were allegedly purchased by a medical officer between November and December, 2007 for the use

of prison inmates. Though Store Receipt Vouchers were raised, possibly to facilitate payments, these items were not taken on store ledger charge as required by Financial Regulation No.2206. As there appears to be no evidence to show that these drugs allegedly purchased were received and taken on ledger charge, I am unable to confirm that the store items were actually purchased and commensurate value was obtained for the amount expended. The irregularity was communicated to the Comptroller-General who has been requested to ensure that the Store Receipt Vouchers and Store Issue Vouchers should be forwarded to my office for verification to enable me accept the transactions as legitimate or in the alternative the amount of ₦510,000.00 should be refunded to chest quoting receipt particulars for audit verification.

5.341 The total sum of ₦196,000.00 was said to have been paid to Power Holding company of Nigeria (PHCN) Jalingo for the settlement of electricity bills for the period between July and December, 2007. The relevant vital documents such as bills, receipt, etc. necessary to authenticate these payments as a legitimate and a proper charge against public fund were not produced for audit examination. Efforts should be made to ensure that these bills, receipts etc are forwarded to my Office for verification, otherwise the amount of ₦196,000.00 should be recovered and receipt particulars forwarded for audit verification.

5.342 Amounts totalling ₦252,400.00 were paid to two(2) contractors for the supplies of same food items to Bali Prisons for the feeding of inmates in the month of May, 2007. Consequently, the payment of ₦126,200.00 constituted a duplication of expenditure from which none of the inmates derived any value, contrary to the provisions of the Financial Regulation which stipulate that "all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted". However, it was required that the sum of ₦126,200.00 should be jointly and severally recovered from the officer who authorized the payment and the contractor involved.

The attention of the Comptroller-General has been drawn to all the anomalies reported above for his prompt action.

CUSTOMS, IMMIGRATION AND PRISONS PENSION OFFICE (CIPPO)

5.343. During the audit examination of the accounting and other records maintained at the Customs, Immigration and Prisons Pension Office, Abuja, it was observed that a Commercial Bank cheque No. 00000134 of 21st October, 2007 for the sum of ₦285,049,042.18 issued to another bank on behalf of Customs, Immigration and Prisons Pension Office for the payment of pensioners during the verification and payment of pensioners exercise of 2007, was not accounted for. The Permanent

Secretary has been asked to account for the money, forwarding details of expenditure for audit verification.

5.344 It was also observed that six hundred and ninety three (693) cheques, with amounts totalling ₦33,563,784.80 were unclaimed monthly pensions for the month of October, 2007. These cheques have not been reversed and paid back to government chest. No explanation has been offered for this inaction. The Permanent Secretary has been asked to pay the cheques back to chest, forwarding the payment particulars for audit verification.

All the issues have been communicated to the Chief Executive for prompt action.

NIGERIA SECURITY AND CIVIL DEFENCE CORPS NATIONAL HEADQUARTERS, ABUJA

5.345 At the Nigeria Security and Civil Defence Corps, Maiduguri, Borno state, the Federal Audit teams for 2007/2008 were denied access to all records and books of the Command. The two teams were not allowed to carry out their statutory duties as enshrined in the 1999 Constitution of the Federal Republic of Nigeria, and the provision of the Financial Regulation Ns. 103 – 105.

The issue has been taken up with the Commandant-General of the Corps for his comments.

FEDERAL MINISTRY OF JUSTICE

5.346 During the audit examination of accounting and other records maintained at Federal Ministry of Justice, Abuja, it was noted that an amount of ₦381,000,000.00 was paid to a firm of legal practitioners based in Lagos on 4th April, 2007, being Legal Fees for a suit in the case prosecuted on behalf of the Federal Government of Nigeria. The audit of the relevant payment voucher however revealed the following anomalies:-

(i) 5% Withholding Tax was charged against the payment instead of 10% thereby giving rise to overpayment of ₦19,050,000.00. The amount of ₦19,050,000.00 should be recovered from the solicitors and recovery particulars forwarded to my Office for verification.

(ii) Also, the legal fees for this job was paid in dollars (i.e. US$3.0 million @ the rate of 127.00 per Dollar) for a case prosecuted in Nigeria by an indigenous company.

(iii) Furthermore, the payee did not acknowledge receipt of the payment on the voucher contrary to the Financial Regulation No. 603.

The Solicitor-General/Permanent Secretary has been asked to justify why payment was made in US Dollars and not in Naira and also to procure appropriate receipt to authenticate the payment.

5.347(a) Contracts for the supply to and installation of 10 No LG Air-conditions at the Federal Ministry of Justice building were granted to a limited liability company and paid through two payment vouchers raised and paid on the 29th March, 2007 and 8th June, 2007 respectively. While a sum of ₦3,015,500.00 was paid on 29th March, 2007 for the supply and installation of 6 No. 3 tons LG Air-conditioners for the auditorium and Honourable Attorney-General of the Federation's office in preparation for the commissioning of the new Headquarters building, another sum of ₦2,010,000.00 was paid on 8th June, 2007 for the supply and installation of 4 No. 3 tons LG Air-conditioners to the Office of the Solicitor-General of the Federation and Permanent Secretary and the Special Assistant to the Honourable Attorney-General of the Federation as a result of hardship being faced after the movement into the building.

(b) Further audit examination of these two vouchers revealed the following anomalies:-

(i) The contracts did not pass through the Ministerial Tender's Board as required by Finance Circular No. F15775 of 27th June, 2001 but were unilaterally approved by the Solicitor-General of the Federation/Permanent Secretary and Honourable Attorney-General of the Federation, respectively. This should be justified.

(ii) The contract for Air-conditioning of the Headquarters building had earlier been awarded to another company in Nigeria, who had not been able to perform. The sum of ₦5,025,500.00 paid should be recovered from the company, being the total cost for the supply and installation of 10 No. LG Air-conditioners duplicated as a result of delay in contract execution. The recovery particulars of the said amount should be forwarded to my Office for audit verification.

5.348 The Federal Ministry of Justice awarded a contract for the supply and installation of software for the "Fast tract Court System" in five courts in Nigeria, to an International company at a contract sum of ₦133,588,125.00. Audit examination of the relevant payment vouchers revealed the following irregularities:-

(i) The project was not proposed and approved for inclusion in the Ministry's Budget for the year 2007;

(ii) The company was paid 75% mobilization fee of ₦100,191,093.75 instead of the 25% as allowed by extant regulations; and

(iii) 5% Withholding Tax was also found to have been erroneously added to the invoice which inflated the contract sum by ₦6,679,406.25. The overpayment of ₦6,679,406.25 should therefore be recovered from the contractor and the particulars of the recovery forwarded for audit verification.

5.349 It was also observed that another contract for the installation of 4 No. V SAT for the Fast Track Court system was awarded to the same company to create wide area network for the sum of ₦23,760,000.00.

(i) This project was also not provided and budgeted for in the year 2007.
(ii) The mandatory 5% Value Added Tax and 5% Withholding Taxes were under deducted by ₦84,857.14 while 75% mobilization fee was also paid as against 25% allowed by extant regulation.

All the irregularities were conveyed to the Solicitor-General/Permanent Secretary and he was requested to recover the sum of ₦6,157,044.64 from the contractor and furnish the recovery particulars for audit verification.

5.350 The contract for the supply and installation of Toshiba Air-Conditioners to the Federal Ministry of Justice, Headquarters building was awarded to a company at a contract sum of ₦364,000,000.00 with the completion date of 30th April, 2008. The sum of ₦241,084,368.63 has been paid through two payment vouchers, leaving an outstanding balance of ₦122,915,631.37. It was however observed that the mandatory 5% Withholding Tax and 5% Value Added Tax totalling ₦24,108,436.86, were not deducted from the payments already made to the contractor as at the time of audit inspection. Meanwhile, only the Air-conditioners on the fourth and fifth floors of the building were functioning. No Air-conditioner has been installed on the first, second and third floors of the building. The Solicitor-General/Permanent Secretary has been requested to recover the sum of ₦24,108,436.86, being amount due to Government as Withholding and Value Added Taxes from the contractor and furnish details of recovery for audit verification.

5.351 A contract for the supply and installation of "PVC Venetian Vertical blinds" to the new Federal Ministry of Justice Headquarters Building was awarded on 29th October, 2007 at a contract sum of ₦40,000,000.00. It was observed that full payment was made without deducting the retention fee. The taxes due on the payment were also under-deducted by ₦190,476.20. The Solicitor-General/Permanent Secretary has been requested to recover the sum of ₦190,476.20 from the contractor, pay same over to the tax authorities and furnish details of payment for audit verification.

NATIONAL JUDICIAL COUNCIL

5.352. At the National Judicial Council, Abuja, it was observed that payments for the supply of consumable items and motor vehicles for amounts totalling ₦98,311,864.00 were made to 6 contractors and motor vehicle dealers without compliance with Financial circular No. F15775 (xvii) of 27th June, 2001 which stipulates the counter-signing of the final payment of a contract whose value is above ₦5 million by the representative of the Auditor-General for the Federation. The Secretary has been asked to comment on this non-complance.

5.353 A Honda Accord 2.4 with Registration No. FJ 03B NJU, purchased on 28th July, 2006 for the sum of ₦5,995,000.00 was involved in an accident while on official assignment to Jos, Plateau state on 1st September, 2007. A Police report on the accident was obtained and letter written to the Insurance company for claims. As at the time of audit inspection, the Insurance Company has not yet responded to the letter requesting for the repair of the motor vehicle in accordance with the provision contained in the Insurance policy. Similarly, the Police report produced claimed that both drivers of the vehicles were negligent and their negligence resulted in the accident. The Secretary has been requested to:

(i) Formally Report the incidence by completing Form TF 146 in accordance with extant regulation.

(ii) Confirm what is being done to get the insurance company to pay the claims for the repair of the vehicle bearing in mind that seven months had elapsed since the accident was reported to the company.

(iii) Confirm the disciplinary action taken against the driver of the vehicle whose negligence resulted in the accident.

5.354 A Honda Civic 1.8 with Registration No. FJ 41 NJU, purchased on 8th December, 2006 for ₦3,944,600.00 was reported to have been snatched from the driver by armed robbers at gun point at Garki II in Abuja in the evening of 24th September 2007. The incident has been reported to the Police and the insurance company but not to the Office of the Auditor-General for the Federation and the Office of the Accountant-General of the Federation as required by Chapter 34 of the Financial Regulations. The Secretary has been requested to:

(i) Adhere to the procedures for dealing with loss of Government properties as stated in Chapter 34 of Financial Regulations and actions taken should be communicated to this Office for audit verification through completion of parts I&II of Treasury Form 146.

(ii) Confirm what has been done to get the insurance company to pay for the loss of the vehicle considering the fact that it has taken over 6 months since the vehicle was stolen.

5.355 Thirty-two (32) payment vouchers for amounts totalling ₦49,308,051.95 raised and paid between August and November, 2007 for the supply of consumables, office materials, office equipment etc., were wrongly classified to 19 different Sub-Heads of the National Judicial Council (NJC) vote contrary to the Financial Regulation No. 517 which stipulates that "expenditure will be classified strictly in accordance with the Estimates and votes must be applied only for the purpose for which money is provided". Consequently, the Secretary has been asked to produce the 32 payment vouchers for audit verification.

5.356 Personal advances amounting to ₦26,244,245.00 granted to 41 members of staff of the Council between January and December, 2007 to enable them render some services and execute some projects had not been retired at the time of the audit inspection in June, 2008. Incidentally, three of the officers were granted multiple advances even when the previous ones granted them had not been retired as at the time of audit inspection. It is disturbing to note that the Council has not made any concerted effort to see that its officers retire their advances in accordance with the provisions of the Financial Regulations 1705. The Secretary has been asked to ensure that more efforts are made towards ensuring prompt retirement or recovery of the advances. All retirements or recovery particulars should be forwarded for audit verification.

5.357 Finance Circular No. F15775 dated 27th June, 2001 requires that the Auditor-General for the Federation or his representative of the Ministry/agency should co-sign the certificate releasing final payment of any contract exceeding ₦5 million. However, it was observed that two(2) payment vouchers with individual values exceeding ₦5 million and totalling ₦25,675.470.00 were raised and paid on two payment vouchers dated 18th September and 5th October, 2007 for the sums of ₦20,680,000.00 and ₦5,085,470.25 respectively as final payments without the representative of Auditor-General for the Federation co-signing the certificates of completion, despite the efforts made to draw the attention of the Council to the Policy Guideline. The non-compliance of the Council with the requirements of the circular circumvented financial guideline aimed at ensuring good financial management system and transparency of transactions.

5.358 14 payment vouchers raised between February and June, 2007 and paid from the Recurrent Expenditure Vote for ₦17,075,746.00 and 2(two) others paid from Capital Vote for ₦2,426,802.48 were not produced for audit examination. On account of this, I cannot accept the expenditure incurred on them as a proper and legitimate charge against public funds. The Secretary has been asked to produce the vouchers for audit examination.

The attention of the Secretary has been drawn to these anomalies for his prompt action.

CUSTOMARY COURT OF APPEAL, ABUJA

5.359 Audit examination of Revenue Collection Records at the Court of Appeal, Abuja revealed that out of the total sum of ₦1,988,425.00 (One million nine hundred and eighty-eighty thousand, four hundred and twenty-five naira) collected between January, 2006 and December, 2007, only one million and forty-five thousand naira (₦1,045,000.00) was paid to sub treasury leaving a balance of nine hundred and forty-three thousand, four hundred and twenty-five naira (₦943,425.00) as unremitted, contrary to Financial Regulation No. 317. I have asked the Chief Registrar to confirm that the balance of ₦943,425.00 has been paid into treasury, quoting payment particulars for audit verification.

HIGH COURT OF JUSTICE, ABUJA

5.360. During the audit examination of the accounting and other records maintained at the High Court of Justice, Abuja, showed that a contract work for the sum of ₦17,533,749.00 was awarded to a company for the supply of furnishing of offices at the High Court in Wuse Zone 5 Abuja. Audit visit to the High court in April, 2008 revealed that items worth ₦840,552.00 were yet to be supplied. The Chief Registrar has been asked to ensure the supply of the items or effect the recovery of the sum of ₦840,552.00 from the contractor, forwarding the recovery particulars for audit verification.

5.361 The sum of ₦6,591,124.26, set aside to meet any unexpected expenses in 13 renovation contracts at the High Court Office, Abuja, was wrongfully paid to a company and 12 others as contingency fund. There was no evidence produced to confirm that such unexpected expenses came up before the completion of these projects. The Chief Registrar has been asked to recover the sum of ₦6,591,124.26 from these contractors and submit recovery particulars for audit verification.

5.362 A contract for the furnishing of office at High Court Zone 2 wuse, Abuja was awarded to a company for the sum of ₦1,813,900.00 and payment made on a payment voucher raised in February, 2007. However, during the audit visit to the High Court, it was observed that two computer tables for the sum of ₦93,000.00 and one set of upholstery chairs for the sum of ₦350,000.00 were not supplied. These items should be supplied or the sum of ₦350,000.00 recovered from the contractor forwarding recovery particulars for audit verification.

5.363 A contract for the sum of ₦14,580,017.60 was awarded for the construction of Magistrate Meeting Centre, Kado in Abuja to a company. Payment was made on a payment voucher raised in September, 2007. But as at the time of audit inspection in April, 2008 it was observed that items worth ₦1,127,130.00 were yet to be installed at the centre. The Chief Registrar has been asked to ensure that the items outstanding are supplied by the contractor, otherwise he should refund the sum of ₦1,127,130.00 quoting recovery particulars for audit verification.

5.364 Nine (9) Revenue Receipt Booklets (Treasury Book 6A) were not presented when revenue audit was conducted in May 2008. The implication of this is that the sums of money which has been collected with these receipt booklets are both unknown and unaccounted for. The anomaly has been reported to the Chief Registrar asking for his comment.

5.365 A total sum of ₦6,984,346.20 was paid to twelve Honourable Judges of the FCT High Court as accommodation allowances between April, 2007 and January, 2008 when all of them were living in the accommodation provided by the government. This payment contravenes the provisions made in an extant circular on "Judges remuneration and condition of service". The Chief Judge was asked to stop further payment of accommodation allowances and recover the paid sum from the beneficiaries, forwarding recovery particulars for audit verification.

5.366 It was observed that a total sum of ₦68,399,014.78 was paid on (9)nine payment vouchers raised between February and September, 2007 as final payments to contractors. These payment vouchers were supposed to be paid after the Auditor-General or his representative has co-signed the certificate releasing the payment for contracts above ₦5 million. This was not observed before the payments were made. The Chief Registrar was asked to explain why the provisions of the Financial Circular No. F15775 of 27th June, 2001 was not complied with.

5.367 A contract was awarded to a company for the computerization of High Court of Justice Store for the sum of ₦5,500,000.00 which has been fully paid for on 2(two) payment vouchers raised in August and October, 2007. Audit visit to the site revealed that the computerization has not been fully implemented. The store is 100% still manually operated. The Chief Registrar was requested to recall the contractor to site to complete the job, otherwise the contractor should refund the sum paid for the contract.

5.368 A total sum of ₦8,689,700.00 granted to officers of the High Court of Justice in the year 2007 as cash advances were still outstanding as at the time of audit inspection in September, 2008, contrary to Financial Regulation Nos. 1705 and 1719. The Chief Registrar has been asked to recover the advance from the affected officers forwarding recovery particulars for audit verification.

5.369 56 payment vouchers paid from Recurrent Expenditure Vote for ₦44,062,660.11 and 30 payment vouchers from the Capital Expenditure Vote for

₦287,283,256.60 raised during the year under review were not produced for audit inspection. On account of this, I cannot accept the payments made on them to be proper and legitimate against public funds. The Chief Registrar has been asked to produce the vouchers for audit examination.

5.370 A total sum of ₦2,052,102.34 was deducted from the High Court of Justice Bank account with a commercial bank between February and April 2007 as Bank charges contrary to Federal Treasury circular No. OAGF/PRS/005/111/185 of 26th June, 2001 which stipulates that "Public Sector organization are forbidden from operating bank accounts on which Commission on Turnover (COT) are charged by the Banks". The attention of the Chief Registrar has been drawn to this anomaly for recovery of same from the affected Banks.

5.371 At Federal High Court, Yola, the examination of the revenue cash book being maintained showed that the sum of ₦1,328,028.00 was collected as revenue between November, 2005 and June, 2007 but the treasury receipts book 6 had not been collected as an evidence of lodgement to the Treasury, contrary to Financial Regulation No. 317. The Chief Registrar has been asked to comment and ensure that the treasury receipts are collected and my Office informed for audit verification. He was requested also to ensure that revenue collected are promptly paid to bank to avoid misappropriation of public fund.

5.372 Amounts totalling ₦750,000.00 were paid on ten payment vouchers between March and September, 2007 to two officers as refund of out of pocket expenses on purchase of diesel for the generating plant. Further examination of the vouchers revealed the following anomalies:-

(i) The diesel purchases were not taken on Store ledger charge and the relevant Store Receipt Vouchers and Store Issue Vouchers were not produced for audit verification.
(ii) Fuel Requisition Register was also not produced;
(iii) Fuel coupons for the distribution of the items were not being utilized; and
(iv) Vital documents like invoices, bills etc were not attached to the payment vouchers, to authenticate payments made contrary to Financial Regulation No. 603.

The Chief Registrar has been requested to comment on efforts being made to produce these documents for audit verification, otherwise it will be difficult to accept these payments as proper charge against public funds.

5.373 During the audit examination of the accounts and records maintained at the Federal High Court, Enugu, Enugu State, it was observed that an officer who died on the 6th of December, 2004 had collected motor vehicle loan advance of ₦200,000.00 in the month of March, 2003, and a total sum of ₦152,533.28 had been repaid before his death, leaving a balance of ₦55,466.72 to be recovered. The Chief Registrar, Federal High Court has been requested to recover the balance of

₦55,466.72 from his death gratuity, forwarding recovery particulars for audit verification.

5.374 Audit examination of the Revenue Collector's Cash book maintained at the Federal High Court, Enugu revealed that revenue collected was not being promptly paid into chest. For instance, the sum of ₦128,330.00 was available in the safe when an audit cash survey was carried out during the audit inspection visit on the 10th of October, 2007. This is contrary to the provision of the Financial Regulation No. 317 which stipulates that "Revenue collected must be brought to account correctly and promptly". The Chief Registrar, Federal High Court has been asked to confirm that the payment has been made to chest and ensure that henceforth revenue collected by the Court are promptly paid into chest as required by extant regulation.

All the issues raised above have been communicated to the Chief Registrar for prompt action.

SUPREME COURT OF NIGERIA

5.375 During the audit examination of the accounting and other records maintained by the Supreme Court of Nigeria, the direct procurement of different office items for which the sum of ₦2,463,875.00 was paid to an officer could not be confirmed as the relevant supporting documents were not made available to authenticate the payment contrary to Financial Regulation No. 603.

5.376 The contract services performed by four contractors for which a sum of ₦6,507,240.00 was paid in January & March 2007, could not be confirmed as the narration of the payment vouchers were not explicit neither were they receipted by the payees, contrary to the Financial Regulation Nos. 603 and 619.

5.377 The payment for the Renewal of House rent amounting to ₦1,700,000.00 could not be confirmed as the relevant supporting particulars in respect of the house was not made available for audit scrutiny. The Chief Registrar has been asked to recover this amount from the payee Landlord as the genuineness of the payment was very doubtful.

5.378 The sum of ₦2,000,000.00 Personal Advance granted to a staff since March, 2007 has remained unretired as at the time of audit inspection in July, 2008, contrary to the Financial Regulation No. 1705. The advance should be retired immediately and the relevant particulars forwarded for audit verification.

All the issues have been taken up with the Chief Registrar for prompt action.

COURT OF APPEAL, ABUJA

5.379 Audit examination of Revenue collection at the Court of Appeal, Abuja revealed that out of the total sum of ₦1,988,425.00 (One million nine hundred and eighty-eighty thousand, four hundred and twenty-five naira) collected between January, 2006 and December, 2007, only one million and forty-five thousand naira (₦1,045,000.00) was paid to sub treasury leaving a balance of nine hundred and forty-three thousand, four hundred and twenty-five naira (₦943,425.00) as unremitted, contrary to the provision of the Financial Regulation No. 317. The Chief Registrar has been requested to confirm that the balance of ₦943,425.00 has been paid into treasury, quoting payment particulars for audit verification.

FEDERAL JUDICIAL SERVICE COMMITTEE

5.380 During the audit examination of the accounting and other records maintained at Federal Judicial Service Committee, it was observed that the sums of ₦4,020,921.00 and ₦2,788,081.00 deducted as Value Added Tax and Withholding Tax respectively, during the period under review were not accounted for. There was no evidence to confirm that the total sum of ₦6,809,002.00 was remitted to the Tax Authorities as required by Financial Regulation No. 334 and VAT Act No. 102 of 1993. The Secretary has been asked to produce documentary evidence of payments to the relevant Authority for audit verification.

5.381 A contract for the fumigation of office complex at the headquarters of the Committee was awarded for the sum of ₦4,050,000.00. However, the following irregularities were observed during the examination of the relevant payment voucher:-

(i) No tender's board minute was attached to the voucher;
(ii) No job order was attached
(iii) No memo or evidence of request or need for fumigation;
(iv) Store receipt or Issue Vouchers were not attached in support of materials procured for the project;
(v) Narration on the payment vouchers was very vague and ambiguous, contrary to extant regulation; and
(vi) The completion certificate was also not attached to the voucher.

On account of these irregularities, it is difficult to accept the expenditure as a legitimate and proper charge against public funds. Recovery of the sum of ₦4,050,000.00 should be made from the contractor, and my Office furnished with relevant particulars for verification.

All the issues raised above have been communicated to the Secretary, Federal Judicial Service Committee for prompt action.

NATIONAL INDUSTRIAL COURT

5.382 During the audit examination of the accounting and other records maintained at the National Industrial Court Headquarters, Lagos, it was noted that 5% Value Added Taxes and 5% Withholding Taxes totalling ₦118,071,702.61 were not deducted from advance payment of contract sums made to 5 contractors for amounts totalling ₦1,180,717,026.07 contrary to VAT Act No. 102 of 1993 and Financial Regulation No. 334. The failure to deduct the Taxes (i.e. VAT and WHT) has denied the Federal Government of the much needed revenue. The Chief Registrar has been asked to recover the sum of ₦118,071,702.61 from the subsequent payments to be made to the companies for onward remittance to the Federal Inland Revenue Service, forwarding particulars of payment for audit verification.

5.383 It was similarly noted that amounts totalling ₦180,677,259.98 being 5% Value Added Tax made on 74 vouchers amounting to ₦3,613,555,353.59 were not deducted as required by Federal Inland Revenue Information circular No. 9901 of 1st January, 1999. Thus, this has resulted in loss of revenue to the Federal Government of Nigeria. The Chief Registrar has been requested to recover the total sum of ₦180,677,259.98 from the contractors and pay same to Tax Authorities and recovery particulars forwarded for audit verification.

5.384 Seventy-four (74) payment vouchers for amounts totalling ₦3,613,555,353.59 paid between February and November, 2007 to various contractors had no vital supporting documents attached such as final payment certificates, certified true copies of contract Agreements entered into by National Industrial Court etc, contrary to Financial Regulation No. 603. Also, contract ledger and files in respect of the contracts were not made available for audit inspection. The Chief Registrar has been informed to produce the relevant documents for audit verification.

5.385 On two payment vouchers dated 24th January, 2007 the sums of ₦13,000,000.00 and ₦3,600,000.00 respectively were paid to a company for the purchase of 2 Mercedes Benz cars. Similarly, ₦13,454,396.00 and ₦5,405,700.00 were paid on two payment vouchers in favour of a company for the purchase of 2 units of BMW 3501A. All payments were made without vital supporting documents such as sales invoices, receipts etc. to authenticate the payment, contrary to the Financial Regulation No. 603 which stipulates that “All payment vouchers will contain full particulars of each service and shall be supported by relevant documents such as invoices, job orders, receipts and special letter of authority etc”. The Chief Registrar has been urged to produce the documents for audit verification.

5.386 A sum of ₦89,191,958.90 was paid on 15th February, 2007 to a company for the amount due on a "certificate of completion" for the construction of a block of court and Judges Chambers. Similarly, ₦90,906,537.63 was paid on 4th October, 2007 for a certificate in respect of the same project. A scrutiny of the two payment vouchers and their supporting documents revealed that the certificates prepared by the Consultant engaged for the project were not verified by either the Resident Due Process team or that of the Federal Judiciary that awarded the contract to confirm their correctness before payments were made. The Chief Registrar has been asked to comment on these lapses.

5.387 A 5-bedroom detached duplex luxury at phase 1, Sun City, Abuja was purchased by National Industrial Court on 28th August, 2006 at a cost of ₦25,000,000.00. Audit scrutiny of the payment vouchers and the attached documents revealed that four different contracts for the renovation and expansion of the property bought at ₦25,000,000.00 were awarded by the Court to four different contractors at a total sum of ₦41,362,962.47 between January and December, 2207.

Further audit scrutiny of the contract agreement revealed that:-

(i) Clause 6 in the guideline for the future development by Sun City Estate residents states that "there shall be no building, erecting or construction of structures such as; gate houses, boy's quarters, guest chalets etc, without the approval in writing by the Authority from Sun City for the construction of additional structures highlighted above. Evidence of compliance with the guideline was not produced for audit inspection. The Chief Registrar has been requested to produce the authority confirming that the guidelines had been complied with for audit examination.

(ii) Also, the award of 4 contracts to different contractors for the rehabilitation and expansion of same property amounted to contract splitting, which is contrary to the provisions of Due Process regulation and Financial Regulation No. 2928.

The Chief Registrar's attention had been drawn to the irregularities for his prompt action.

MINISTRY OF LABOUR

5.388 The audit examination of the accounts and other records relating to the Ministry of Labour revealed that staff members were granted personal advances totalling ₦50,781,993.00 between March and December, 2007. At the time of audit examination in August, 2008, the stated sums of money advanced were still unretired, contrary to the provision of the Financial Regulation Nos. 1705 and 1719.

The Permanent Secretary has been asked to explain the efforts being made to recover these outstanding amounts en-bloc from the personal emolument of the recipients, furnishing the recovery particulars for audit verification. He is also to comment on the incessant abuse of granting of personal advances to staff for purchases and services that should otherwise pass through contract procedures.

5.389 191 payment vouchers for both Capital (93) and Recurrent Expenditure (98) accounts raised during the period under review for amounts totalling ₦279,359,883.09 were not produced for audit examination. As it would be difficult for me to accept the expenditures relating to these payment vouchers as a proper and legitimate charge against public funds, the Permanent Secretary has been requested to please produce the vouchers for audit examination or account for the amount involved.

Industrial Administration Panel

5.390 32 payment vouchers for amounts totalling ₦32,301,023.88 raised and paid during the period under review by the Industrial Administration Panel were not produced for audit examination despite several demands. I therefore found it difficult to accept the expenditures relating to these payment vouchers as a proper and legitimate charge against public funds. The Permanent Secretary has been requested to confirm that the vouchers in question are now available for audit verification.

5.391 During the audit of the cash book maintained by the Industrial Arbitration panel for the period under review, it was revealed that a cheque number 20697660 valued at ₦2,986,532.88 was written and cashed on the 24th December, 2007 without the preparation of a valid payment voucher and efforts made by this Office to trace and obtain information in respect of the strange withdrawal proved abortive. This procedure is contrary to the provision of Financial Regulation No. 601 which stipulates that "all payment entries in the account must be vouched for in one of the prescribed forms. Vouchers shall be made out in favour of the person(s) to whom the money is due. Under no circumstance should a cheque be raised or cash paid for which a voucher has not been raised. The Permanent Secretary has been asked to comment on this anomaly.

5.392(a) The audit verification of the over-head expenditure cash book revealed that certain withdrawals of various sums tagged "Permanent Secretary's cash float" totalling ₦414,886,778.00 were made. It was alleged that the cash withdrawals were all transferred into another cash book called Petty cash book. However, out of the ₦414,886,788.00 purportedly transferred from the main cash book, only ₦397,481,782.33 was received in the Petty cash book, leaving the sum of ₦17,405,005.67 unaccounted for by the cashier.

(b) Payment of cash through Petty cash book appeard to be designed to conceal facts and other necessary information about such payments when the maximum amount permitted to be paid in cash is ₦100,000.00. This action

will lead to distortion of accounting books and records, understating the cash book balance and ultimately prone to fraudulent practices. The Permanent Secretary has been asked to comment on all these anomalies and explain the where-about of the missing ₦17,405,005.67, or produce a proper statement of account on its disbursement.

5.393 A contract for the printing of 4,500 copies of the blue print on repositioning the Ministry for Vision 2020 and Seven Point Agenda of the present administration was awarded to a company for a total sum of ₦5,850,000.00. In the course of the examination of the payment vouchers and relevant contract file the following irregularities were observed.

(i) There was no formal contract agreement between the Ministry and the company.

(ii) The job was fully paid for on the 26th September, 2007 before passing the voucher to the Internal Audit Unit on the 27th September, 2007 hence there was no pre-audit check before payment. This is a violation of internal control measure and a breach of the provision of the Financial Regulation No. 2005.

(iii) The payment voucher was not signed by the beneficiary, and there was no acknowledgement of receipt from the company, contrary to Financial Regulation No. 613.

(iv) The representative of the Auditor-General for the Federation and the Ministry's representative did not co-sign the final certificate of payment before payment was made to the contractor as required by Federal Ministry of Finance Circular Letter No. F15775 of 27/6/01. Unless these irregularities are correct, it will be difficult for me to accept the expenditure relating to this payment as a proper and legitimate charge against public funds. The Permanent Secretary has been requested to comment on these procedural lapses.

5.394 In an attempt to circumvent the competitive tendering procedures and Due Process guidelines, a total sum of ₦13,559,800.00 was paid to the Store Officer as personal advance to procure various store items within the month of March, 2007. This transaction negates the principle of internal control system as the officer who did the purchasing also receives, records and issues the items. The transaction is prone to manipulations and contravenes the provision of Financial Regulation No. 2233 which stipulates that "Store officer and/or Stock Verifiers shall not participate in the procurement of stores. They are also not to participate in the selection of a contractor or sit on the Tenders Board. Their duties are mainly to ensure that the goods ordered are received according to specifications and recorded on the store ledgers as appropriate". The deficiencies have been conveyed to the Permanent Secretary to comment on the violation of the extant regulations.

5.395 The sum of ₦666,513.00 was paid on the 5th November, 2007 for the Return Economy Air Ticket, Abuja – London – Geneva amounting to ₦267,225.00 and 8 days estacode allowance at $381 per diem totaling $3,048.00 (₦399,288.00). The payment was made in favour of one additional delegate representing the social partners at the 9th session of the Internal Labour conference in Geneva. Audit scrutiny of the payment voucher revealed the following anomalies:-

(i) there was no Ministerial approval for the additional delegate to the Conference.

(ii) the additional delegate is not a staff of the Ministry or any of its parastatals.

(iii) the estacode was not acknowledged by the beneficiary as it was received on his behalf by a staff of the Ministry, and no letter of authority was attached, contrary to the Financial Regulation No. 613. This payment is unjustified, irregular and cannot be accepted as a proper and legitimate charge against public fund. The attention of the Permanent Secretary has been drawn to the procedural lapses and has been requested to justify the payment or recover the sum of ₦666,513.00 from the officer who approved the payment for the journey.

5.396 At the Federal Ministry of Labour and Productivity, Owerri, Imo State, it was observed that:

(i) At the revenue records of the Trade Test Section of the Ministry, revenue generated between June, 2006 and March, 5th 2007 totalling ₦111,500.00 was not accounted for, as there was no Cash Book opened to record the revenue collected, contrary to Financial Regulation No. 317.

(ii) Revenue totalling ₦150,000.00 generated at Factory Inspectorate Section of the Ministry between January and December, 2007 was not accounted for.

The Permanent Secretary has been informed of the anomalies and was asked to recover the money from the officers concerned with recovery particulars forwarded for audit verification.

(iii) Twenty-eighty(28) No. 2006 salary payment vouchers for amounts totalling ₦7,094,335.01 for the period under review were not presented for audit inspection. As I cannot satisfy myself that these payments were proper and legitimate charges against public fund, the Permanent Secretary has been asked to produce them for audit examination.

All issues raised above have been conveyed to the Permanent Secretary for his prompt action.

FEDERAL MINISTRY OF MINES AND STEEL DEVELOPMENT

5.397 During the audit examination of the accounting and other records maintained by the Ministry, it was observed that 3 (three) payment vouchers dated December 2007 were raised for the sum of ₦104,248,347.23 and paid to an Insurance company as outstanding insurance premium due on the assets of Ajaokuta Steel Company Limited in the year 2007. The payment could not be verified to be in order because the relevant documents were not made available to authenticate payment. These documents should be produced for audit verification.

5.398 Audit examination of a payment voucher dated 8th March, 2007 revealed an overpayment of ₦281,000.00 Estacode allowance out of a total of ₦10,879,000.00 to a staff of the Ministry on behalf of the Honourable Minister and entourage when the Minister tavelled out on official assignment to South Africa in March, 2007. The sum of ₦281,000.00 should be recovered from this officer, forwarding the recovery particulars for audit verification.

5.399 The sum of ₦12,569,000.00 advanced to 2 staff of the Ministry for enlightenment campaign to North Central and Southwest with the Ministerial press briefing both in May and December 2007 have not been retired as at the time of audit inspection in July, 2008, contrary to the Financial Regulation No. 1705. Efforts should be made to retire the advances, forwarding details for audit verification.

5.400 During the examination of the Revenue account for the year 2007 a short fall of ₦1,681,663,790.78 from the budgeted/expected revenue receipt of ₦2,244,000,000.00 was observed. The Actual Revenue collected was ₦562,336,209.22. No satisfactory explanation was given for this shortfall in revenue collection.

All the anomalies have been reported to the Permanent Secretary for his prompt action.

GEOLOGICAL SURVEYS AGENCY

5.401 Four (4) payment vouchers all dated June 2006 for amounts totalling ₦165,000.00 were fraudulently raised to support payment of Telephone Bills in respect of NGSA 2006. Audit investigation revealed that authentic evidence of payment and receipts could not be provided for these payments. The Director-General has been asked to recover the sum of ₦165,000.00 from the officer who approved the payment and furnish my office with treasury receipt for verification.

5.402 An amount of ₦372,125.09 being cash backing in respect of AIE No. GSNA/DGOP/S.I/045 of 24/4/07 which was paid into the personal account of the Geologist in Charge was not accounted for neither was the AIE traced into the relevant vote book. No payment voucher was produced to support the disbursement contrary to Financial Regulation No. 603. The Director-General has been asked to explain the reason for paying public fund into a private account and to recover same from the Geologist-in-Charge, forwarding relevant recovery particulars for audit verification.

All the issues raised have been communicated to the Permanent Secretary for prompt action.

POLICE SERVICE COMMISSION

5.403 During the audit examination of the accounting and other records maintained at the Police Service Commission, it was observed that the sum of ₦783,000.00 paid to twelve officers of the Commission in December 2007, for a training programme could not be confirmed as none of the officers acknowledged receipt of the payment, contrary to Financial Regulation No. 613. The acknowledgement should be procured from the affected officers for audit verification.

NIGERIA POLICE FORCE

Police Headquarters Abuja

5.404. During the audit examination of the accounting and other records maintained at the Nigeria Police Headquarters, it was observed that amounts totalling ₦5,100,000.00 were paid to 7(seven) contractors on 11 (eleven) payment vouchers in December, 2007 for supply of various office equipments. A market survey revealed that contract prices were inflated by amounts totalling ₦2,722,650.00 after 30% profit mark up and 5% VAT and Withholding Tax were provided for. The Permanent Secretary has been requested to comment on why due economy was not exhibited in the use of government funds as provided by Financial Regulation 515 and to recover the sum of ₦2,722,650.00 being total inflated contract sum, forwarding recovery particulars for audit verification.

Police Stations Ile-Ife etc, Oshun state

5.405 During the audit of the Police Stations in Ile-Ife, Okuku, Ikirun and Iragbiji, Osun State, it was observed that there were neither registers nor records on the receipt, number, movements, caliber and conditions of the arms and ammunition in their custody. Also, obsolete, unserviceable and serviceable weapons could not be posted, hence their balances could not be taken. These acts run contrary to

Financial Regulations which state that registers shall be maintained to record all items, short landed, missing or damaged articles and that periodic verification of stock balances shall be carried out. The issues have been communicated to the Permanent Secretary, Ministry of Police Affairs for his comments and necessary action.

Nigeria Police Force Imo State Command

5.406 At the Nigeria Police Force, Imo State Command, Owerri, it was observed that Commissions on Turnover (COT) amounting to ₦199,069.57 were charged by a commercial bank on the Commissioner of Police's Account maintained with the bank during the period under review, contrary to the Accountant-General's Circular No. TRY/A3&/B3/2001-OAGF/PRS/005/III/185 of 26th June, 2001 which stipulates that "all Ministries, Extra-Ministerial Departments etc should open and maintain current accounts for recurrent vote only in banks that would not charge any commission on transactions on the bank accounts". The Inspector-General of Police has been requested to recover the money from the bank, forwarding the recovery particulars for audit verification.

Nigeria Police State Headquarters Asaba, Delta state

5.407 At the Nigeria Police State Headquarters, Asaba, Delta State, the audit examination of the Arms and Ammunitions Register revealed that two (2) Brownie Pistol No. PJ 507224 with 8 round Pm 56388 with 8 rounds, 4 k2 Rifles Nos. 061632 with 10 rounds, 096991 with 30 rounds, 062549 with 20 rounds. 1 FNC No. 9805468 with 10 rounds, 2 Chief Revolver Pistol Nos. 8052719 and 8092816 with 7 rounds each, 7 AK 47 Nos NK 342369 with 10 rounds, EA 340163 with 20 rounds, AB 348860 with 20 rounds, AB 351135 with 15 rounds and BA 343840 were reported snatched by armed robbers.

5.408 It was also noted that three (3) FNC Nos. 98-051537, 98-051923 with 30 rounds each, and No. 98-053289. 2K2 Rifles Nos. 096993 and 096949, 1 Brownie Pistol No. PZ 56795 were all reported missing but my office has not been informed of these losses as required by the Financial Regulation. Furthermore FNC Rifle No. 98-051916 could not be accounted for by the same station.

The Inspector-General of Police has been asked to account for these arms and ammunitions, and that formal Report should be rendered by completing TF Form 146.

3 Police Formations Under Delta Police Command

5.409 During the examination of Arms and Ammunitions Register maintained at 3 Police formations under Delta State Police Command, the following observations were made:-

(a) ***DELTA NORTH AREA COMMAND***

(i) Two(2) lar Rifle Nos. 169259 and 1692203 were allegedly lost to armed robbers.

(ii) 1 G3 Rifle No. 505 said to have been taken for repair could not be traced or found in the State Armoury.

(b) ***'A' DIVISIONAL POLICE HEADQUARTERS, ASABA, DELTA STATE***

(i) Three (3) AK 47 Nos AD 356462, Kp 358556 with 20 rounds and 25671 with 10 rounds, 1 Marokoo Pistol BA 39266, 1 Webbley Revolver Pistol B. 81035, 2 Brownie Pistol Nos. Pm 53673 and Pm 52918, 1 Scorpion Pistol 28321, and 1 long Range (Smoke Gun) RG 2274 were all reported missing.

The loss is yet to be officially reported on Treasury Form 146 in accordance with the provisions of the Financial Regulations.

(ii) Furthermore, 3 Arms: 2 Lar Rifle 1692185, 1692721 and 1 Beretta Rifle M31768 purported to have been issued to officers were nowhere to be found. 1 AK 47 Rifle No. K0355390, 1 Lar Rifle No. 1691591, 1 G3 Rifle Nos. 12 A298, 125438, and 69115479; 4 Mark IV Rifle Nos. R34384, 17255, 15526, 15641; 2 Smoke Pistol Nos. 10729 and 031769; 1 Long Range (Smoke) 02729 and 020385 and 1 Beretta Rifle M.31736.

All the arms were purportedly taken to the State Armory without documents and were neither physically produced nor traced into the state armory during audit verification. The Inspector-General has been asked to account for the arms and ammunitions.

"B" DIVISIONAL POLICE, ASABA, DELTA STATE

(c)(i) At 'B' Divisional Police Asaba, an unclaimed salary of ₦12,338.00 was observed not to have been paid back to chest and was not physically produced for audit check, contrary to extant Financial Regulation. The Inspector-general has been requested to pay back the sum of ₦12,338.00 to government account forwarding remittance particulars for audit verification.

(ii) A number of items were auctioned, but the total amount realized from the sales could not be accounted for. No Revenue Collector Book 6A was produced in evidence of receipt.

(iii) 1 K2 Rifle No. 096995 was said to have been stolen from an officer and no formal Report was made, contrary to extant regulation.

(d) ***Divisional Police Office, Ogwashi-Uku***

(i) At the Divisional Police office, Ogwashi-uku, It was observed that the Exhibit Room in the Divisional Police office was not properly secured. There were no

burglary proofs in the windows of the Exhibit Room as at the time of audit inspection. These lapses constitute a security risk to the exhibit items kept therein.

(ii) 2 Beretta Pistol Nos. A09805Z with 2 rounds of arm and ammunitions. A09670Z with 6 rounds of 9mm arm munitions and 1 AK 47 No. AB 353630 with 2 rounds of 7.62mm ammunitions were also reported missing.

The above anomalies have been communicated to the Inspector-General of Police for prompt action.

Nigerian Police Force 'B' Department, Benin-City, Edo State

5.410 At the Police Force, 'B' Department, Benin-City, Edo State, the following anomalies were observed:-

(a) A sum of ₦1,027,459.00 was alleged to have been used to procure spare parts and service bills without supporting documents contrary to Financial Regulation No. 603. The bills paid and the official receipts obtained from the payee, to acknowledge the receipt of the sum paid, were not produced for audit examination. The Inspector-General has been requested to produce these vital documents or otherwise recover the sum of ₦1,027,459.00 from the officers who approved the purchase, forwarding evidence of recovery for audit verification.

(b) The sum of ₦3,750,000.00 was purportedly spent on the purchase of fuel for the State Police command 'B' Department, Benin city, Edo State between March, 2006 and March, 2007. However, supporting documents such as Local Purchase Order, receipts, Store Receipts and Issue Vouchers etc were not produced to confirm that they were actually supplied contrary to Financial Regulation No. 2206.

The Inspector-General of Police has been asked to produce the documents or recover the sum of ₦3,750,000.00 from the officer who approved the purchase, forwarding evidence of recovery for audit verification.

Zamfara State Police Command

5.411 During the audit inspection of payment vouchers raised by Zamfara State Police command, it was discovered that amounts totalling ₦1,568,900.00 were paid to contractors on 7 payment vouchers for jobs not executed as there were no traces of work done to confirm actual execution of the contracts. The Inspection-General of Police has been asked to investigate the matter and recover the sum of ₦1,568,900.00 from the affected contractors or the officer who approved the payments and furnish my Office with recovery particulars for audit verification.

5.412 Audit inspection of the monetary exhibit at Zamfara State Police command, revealed that a total sum of ₦656,185.00 could not be accounted for. The various

exhibit keepers were alleged to have tampered with the monetary exhibits at different occasions during their tenures. The Inspector-General of Police has been asked to recover the sum of ₦656,185.00 from the affected officers, and furnish me with recovery treasury particulars, for audit verification.

Nigeria Police Transport Division, Yola

5.413 During the audit examination of books and records maintained at Nigeria Police Transport Division, Yola, it was observed that four (4) payment vouchers raised in favour of three contractors for the supply of spare parts to Police Workshop for amounts totalling ₦1,215,215.00 could not be properly accounted for, as the items were not supported with the relevant vital attachments like bills, invoices, etc, but Store Receipt Vouchers were merely issued to facilitate payment. In addition, no Store Issue Voucher was raised to support subsequent issue of the store items for usage. Efforts should be made to produce these vital relevant documents for audit verification, otherwise it will be difficult to accept the payments as proper and legitimate charges against public funds. The Inspector-General has been informed of the irregularity.

5.414 Also at the Police Transport Division, Yola, amounts totalling ₦758,894.50 were paid through four payment vouchers to two officers as refund of out-of-pocket expenses for the repairs of official vehicles. Audit investigation revealed that there were no supporting documents like Bills, Receipts, Application written by the officers for the refund were not attached to the payment vouchers to authenticate payment. Also, the motor vehicles purportedly repaired and the old spare parts replaced were not produced for audit verification, contrary to Financial Regulation No. 2425. The Inspector-General has been asked to produce these documents to authenticate the transactions, otherwise it will be difficult to accept these payments as proper charges against public funds.

5.415 (2) two payment vouchers for amounts totalling ₦1,400,000.00 were prepared and paid to an officer of the Unit for the purchase of fuel, diesel, brake fluid and other lubricants. Audit scrutiny of the payment vouchers revealed the following anomalies:-

(i) The Store Issue Vouchers raised and approved for the distribution of these items were not produced for audit verification
(ii) Approvals for the distribution of the products were not produced for audit inspection but the products were alleged to have been issued on verbal instructions.
(iii) No fuel coupons were maintained
(iv) The expenditure was made out of the need to exhaust the recurrent expenditure vote towards the year end rather than the actual need for the items purchased.

On account of this, I cannot accept the expenditure as proper charges against public funds. The anomalies have been communicated to the Inspector-General of Police for prompt action.

5.416 It was also noted that the sum of ₦407,650.00 was paid to two officers for the purchase of stationery items through the use of personal money resulting to a refund of out-of-pocket expenses to them. Audit investigation revealed that the items purportedly purchased were not taken on store ledger charge as there were no relevant Store Receipt Vouchers acknowledging their receipt into the store and neither was any Store Issue Voucher raised to account for the distribution of the items to the end users. The Inspector-General has been informed of the irregularity and was asked to ensure that the sum of ₦407,650.00 is accounted for otherwise, the amount should be recovered from the officers and recovery particulars furnished for audit verification.

5.417 It was noted that some exhibit store items including four serviceable vehicles were auctioned without complying with the proper procedures as required by the Financial Regulation. These procedural lapses resulted into the following:-

(i) The court approval that the items should be auctioned was not produced during audit inspection;
(ii) The minutes of the Board of Survey's meeting and the full records of all tendering processes were not made available for audit inspection;
(iii) The arrangements for the sale of these items were not made known in accordance with financial regulations;
(iv) The details of the proceeds and the relevant treasury receipts issued for the proceeds from the sale of these items were not produced for audit verification; and
(v) The representatives of the Office of the Auditor-General for the Federation were not invited to witness the sales, as required by extant regulation.

The Inspector-General has been informed of the various lapses and his comments are being expected.

5.418 During the physical audit inspection of plants and equipment belonging to the Unit, it was discovered that 1 No. Tiger generating set of 950 KVA capacity and 1 No standing fan could not be produced for audit inspection. Further investigation revealed that these items were alleged to have been taken away by the Deputy Commissioner of Police 'A' Division (Ag Zonal Assistant Inspector-General of Police). The Inspector-General has been asked to comment and ensure that these items are recovered from the officer and made available for audit verification or, in the alternative, their monetary values be recovered from the officer and recovery particulars furnished for audit verification.

Nigeria Police State Headquarters, Yola

5.419 At the Nigeria Police State Headquarters, Yola, it was observed that amounts totalling ₦1,986,000.00 realized from the use of special Police guards between January, 2002 and December, 2006, still remained uncollected from some Commercial Banks in the State as at the time of audit inspection in May, 2007. The Inspector-General has been urged to recover the outstanding revenue from the defaulting banks and furnish the recovery particulars for audit verification.

5.420 Five payment vouchers for amounts totalling ₦750,000.00 were raised and paid to the Commissioner of Police and his Personal Assistant for the purchase of stationery items, but the items could not be traced into the store records during inspection. The Inspector-General has been asked to explain and account for the sum of ₦750,000.00 involved.

Zone 6, Police Headquarters, Calabar, Cross River State

5.421 At the Zone 6, Police Headquarters, Calabar, Cross River state, an unspent balance of ₦14,487,091.96 was discovered on the Capital Expenditure account of the Command. This unspent balance should have been paid back to chest since the end of the financial year in December, 2006, as required by extant regulation but still remained with the station at the time of audit inspection. The Inspector-General of police has been asked to pay back the sum of ₦14,487,091.96 to chest and forward recovery particulars for audit verification.

5.422 It was also observed that 14 motorcycles valued at ₦525,000.00 were purportedly auctioned without relevant documents to support the auction sale or the amount realized properly accounted for. In view of the above lapses, the Permanent Secretary has been asked to furnish the necessary documents in support of the auction sales, including the details of the revenue that accrued from the sales of the vehicles for audit verification.

5.423 Similarly, 6 motor vehicles of different models valued at ₦670,000.00 were allegedly boarded and disposed of without complying with the provisions of the financial regulations. Also, the revenue that accrued as a result of the sale was not accounted for. The Inspector-General of Police has been informed about the anomaly and was requested to comment and account for the sum of ₦670,000.00 that accrued as a result of the sales, furnishing the recovery particulars for audit verification.

All the issues raised have been brought to the attention of the Inspector-General of Police for prompt action.

POLICE PENSIONS OFFICE

5.424 During the audit examination of the accounting and other records maintained at the Police Pensions Office, Ikeja, Lagos State, it was observed that a deceased officer was paid salaries in excess of ₦529,663.53, more than fifteen months after his death. However, a sum of ₦132,191.00 out of the ₦529,663.53 was refunded as unclaimed salaries leaving a balance of ₦397,472.53 yet to be recovered from the deceased entitlements, to be paid to his dependants. The Permanent Secretary has been requested to investigate and recover the sum of ₦397,472.53 from the deceased entitlements, forwarding the treasury particulars for audit verification.

NATIONAL ASSEMBLY OFICE (MANAGEMENT)

5.425. During the audit examination of the accounting and other records maintained by the National Assembly Management, it was observed that an interactive session was organized for Committee Secretaries and Research Analyst in the 3rd quarter of 2007. During this period, a total sum of ₦3,640,000.00 was paid. Out of this sum, ₦1,200,000.00 was paid to a Guest-Speaker and (15) fifteen Discussants as honoraria on a payment voucher dated 7th August, 2007. The list of beneficiaries of the honoraria was not attached to the payment voucher to authenticate the payment, contrary to Financial Regulation No. 613. In the absence of this list, I cannot confirm that the payment of ₦1,200,000.00 made is a proper and legitimate charge against public fund. The Clerk to the National Assembly has been asked to produce the list of beneficiaries for audit verification.

5.426 A payment voucher dated 16th of August, 2007 for ₦388,000.00 was raised as a payment in favour of an officer being a refund to him for out-of-pocket expenses incurred for the laundry service undertaken for official uniforms of Sergeant-At-Arms who were newly posted to the Unit. The Clerk to the National Assembly has been asked to produce the authority for the payment of ₦388,000.00 for the official laundry of Sergeant-At-Arms uniforms, otherwise the expenditure would not be accepted as a proper and legitimate charge against public fund. In which case, the money should be refunded by the officer to the treasury.

5.427 Another payment voucher dated 10th August, 2007 for ₦11,490,903.00 was raised and paid to an Insurance Broker to cover the renewal of Motor Vehicle Insurance Policy for the National Assembly vehicles. Audit examination of the supporting documents to the voucher revealed that there was no list of the affected vehicles together with a copy of the Insurance policy, was attached to authenticate payment. In the circumstance, the Clerk to the National Assembly has been asked to produce the List of the Insured Vehicles for audit verification.

5.428 Between January and December 2007, a total sum of ₦22,360,250.00 was granted as advances to various officers to enable them execute contracts for the local purchase of consumable items for official use. As at the time of audit inspection in November, 2008, these advances still remained in the relevant advances ledgers as unretired, contrary to Financial Regulation Nos. 1705 and 1719. The anomaly has been communicated to the Clerk to National Assembly asking him to recover the advances immediately from the emoluments of the affected officers and to furnish the recovery/retiring particulars for audit verification.

5.429 In July, 2007, a total sum of ₦2,132,118,046.00 was paid to 358 Honourable Members of the House of Representatives to cover furniture allowances at the rate of ₦5,955,637.00 per member. A scrutiny of the relevant payment voucher revealed the following anomalies:-

(i) the list of the beneficiaries was not attached to authenticate the payment contrary to Financial Regulation 613;

(ii) the cheque number was not quoted on the voucher.

(iii) the sum of ₦2,132,118,046.00 could not be traced to the Cash Book. Instead a member's share was included in the figure for the total package of ₦17,866,912.00 and posted into the Cash Book indicating that payment was made on a payment voucher dated 25th June, 2007 in favour of an Honourable member as follows:-

			₦
(a)	Accommodation	=	3,970,425.00
(b)	Transport	=	7,940,850.00
(c)	Furniture	=	5,955,637.00
	TOTAL	**=**	**₦17,866,912.00**

The anomalies had been communicated to the Clerk to National Assembly for comments.

All the issues had been conveyed to the Clerk to National assembly for prompt action.

NATIONAL BUREAU OF STATISTICS

5.430 During the audit examination of the accounting records and other records maintained at the National Bureau of Statistics, Abuja, for the year 2007, sixteen payment vouchers for amounts totalling ₦9,721,332.00 paid between January and December, 2007 were not produced for audit examination. The vouchers should be

produced for examination, otherwise the expenditure of ₦9,721,332.00 incurred would not be accepted as a proper charge against public funds.

5.431 Audit verification of the advances ledgers and payment vouchers also revealed that a sum of ₦37,781,418.00 was granted as cash advances to various officers of the Bureau and paid through eighty payment vouchers to enable them carry out various activities and purchases during the year. As at the time of audit inspection in October, 2008, the officers were yet to retire the advances granted them, contrary to the provisions of Financial Regulation No. 1705. Three of the officers were also found to have been granted six subsequent advances without retiring the previous ones granted them, contrary to Financial Regulation No. 1719. The Director-General has been informed of the irregularities and requested to recover the outstanding advances immediately from the affected staff and to forward recovery particulars for my verification.

NATIONAL SPORTS COMMISSION

5.432. During the audit examination of the accounting and other records maintained at National Sports Commission, Abuja, it was noted from the examination of (8) eight payment vouchers raised by the 2014 Commonwealth Games Bid Committee that a total sum of ₦100,568,596.06 was paid being the final payment made for works, services and purchases contracts exceeding ₦5 million, without any reference to the Office of the Auditor-General for the Federation for purpose of counter-signing the final payment certificate as required by Financial Circular No. F15775, of 27th June, 2001. The Director-General has been requested to explain why this control measure was ignored.

5.433 Several payments totalling ₦42,638,385.00 were made by the Ministry between May and October, 2007 in respect of the 2014 Commonwealth Games Bid without vital documents attached to prove their authenticity viz:-

i. Job Completion Certificate
ii. Letter of Acceptance of Contract Awarded
iii. Due Process Certificates
iv. Contract Agreements
v. Advert of Placement of Contract on Newspapers
vi. Minutes of Tenders Board Meeting
vii. Letter of Award of Contact
viii. Invoices and Receipts.

Details of contract payments are:-

	₦
(i) Display of scrolling light Box in Abuja	7,500,000.00
(ii) Advert Exposure on Electronic Bill	

	Boards in Abuja		2,141,500.00
(iii)	Final Bid presented at Sir-Lanka		22,000,000.00
(iv)	Production of Games Bid Dossier		10,996,885.00
	TOTAL	**=**	**₦42,636,385.00**

The Director-General has been requested to produce these vital documents or recover the sum of ₦42,638,385.00 from the various contractors forwarding the recovery particulars for audit verification.

5.434 On 4th May, 2007 a sum of ₦12,736,889.20 was paid to a staff and 34 others for the settlement of hotel accommodation in London. It was however revealed that this amount has not been accounted for, several months after the end of the exercise. The Director-General has been informed to produce the detailed statement of expenditure with vital supporting documents to confirm that the expenditure of ₦12,736,889.20 was a proper charge against public funds.

5.435 On 23rd May, 2007 a sum of ₦4,000,000.00 was paid to a contractor for the provision of design, drawing, access road, sign board fabrication, sketch design of the village etc, for the site to be inspected by the CGF Educative Committee. A scrutiny of the payment voucher revealed that no vital supporting documents, such as Tenders Board Minutes of Meeting, Contract Agreement, Invoices etc were attached as required by the provisions of the Financial Regulation No. 603. The Director-General has been asked to explain and confirm that the documents are now made available for audit verification, or otherwise recover the sum of ₦4,000,000.00 from the company involved, and furnish my Ofice with recovery particulars for audit verification.

5.436 Personal advances for amounts totalling ₦5,757,662.00 granted to fifteen (15) members of staff in July, 2007 to enable them execute certain projects or render some services were not retired even at the time of audit inspection in May, 2008 contrary to the provisions of the Financial regulations. The officers should be asked to retire these advances or get sanctioned for failure to do so. Recovery particulars should be forwarded for audit verification.

5.437 Similarly, some officers were granted Personal Advances over ₦1 million to enable them execute certain projects or render some services on behalf of the Commission which should have been handled through contract award or issuance of LPOs. The advance is contrary to the provisions of the Treasury Circular Reference No. TRY/AS&B5/200/OAGF/T5/005/III/222 of 7th September, 2001 which stipulates that "all local procurements of stores and services costing above ₦100,000.00 shall only be made through contracts as prescribed in the Financial Regulations and extant circulars. Such projects/services should have been tendered for and approved by the Director-General before execution instead of granting of personal advances to carry out such projects/services. The Director-General has been requested to confirm whether these outstanding personal advances have been fully

retired and a stop put to the indiscriminate granting of personal advances to officers. His response is being expected.

5.438 It was observed that the sum of ₦16,112,250.00 was paid to three (3) contractors on 10th and 11th July, 2007 for the supply of diesel to Abuja National Stadium.

A scrutiny of the payment vouchers revealed the following irregularities:

(a) There were no tender Board Minutes of Meeting attached to the payment vouchers.

(b) There were no competitive tendering as there were no quotations from other companies as stipulated by the Public Procurement Act, 2007.

The Director-General has been informed to produce the vital documents for audit or alternatively recover the sum of ₦16,112,250.00 from those involved and furnish me with recovery particulars for audit verification.

5.439 Seventy-eight (78) payment vouchers for amounts totalling ₦391,071,287.78 paid between March and November, 2007 under recurrent expenditure cash book were not produced for audit inspection. As I cannot therefore satisfy myself that the payments involved were proper charges against public funds, it is important that these documents are produced for audit examination or the sum of money involved recovered from the people involved.

5.440 Similarly, all the payment vouchers for the month of December, 2007 were not produced for examination as at the time of audit exercise in June, 2008 despite repeated demands. As I cannot therefore satisfy myself that the payments involved were legitimate charges against public funds, the Director-General has been requested to produce the payment vouchers for proper audit examination or effect complete recovery of amounts involved.

5.441 There was no Vehicles' Control Register or a comprehensive list of the motor vehicles maintained by the Commission, hence it was difficult to know the number of vehicles maintained, year of purchase of each vehicle, engine/chassis number, purchase price and location of the vehicles. The Director-General has been requested to open a Vehicle Control Register and also produce the comprehensive list the vehicles maintained by the Commission for audit examination.

5.442 At the National Sports Commission, Port Harcourt, the sum of ₦300,000.00 was allegedly paid to 5 Nos Casual Workers for a period of six months without a list showing the names of the Casual Workers and the amount paid to each worker. It was therefore difficult to confirm that the payment was made in the interest of the public. The Director-General was asked to produce verifiable evidence regarding this payment or recover the sum of ₦300,000.00 from the officer who approved payment.

All the issues have been communicated to the Director-General for prompt action.

THE PRESIDENCY
STATE HOUSE

5.443 During the examination of the accounting and other related records maintained at the State House, Abuja, it was observed that a contractor based in Abuja was paid the sum of ₦4,383,155.34 through a payment voucher dated 18th June, 2007 for the renovation works carried out at the Presidential Guest House, Asokoro, Abuja. This contract job was approved for ₦20,433,505.00 as per award letter SH.0824/S.1775/71 of 5th December, 2006 to be completed within (twelve) 12 weeks. The scope of work included renovation and rehabilitation of the following:-

(i) the main building;
(ii) the building annex;
(iii) the boys' quarters;
(iv) the perimeter fence; and
(v) the security post

It also involved external works such as landscaping and provision of overhead tank. Selective tendering was used in inviting contractors to bid for the job, and the Job Completion Certificate was signed by a house keeper but was not signed by the Supervising Officer. Also certificate of valuation No. 3 for the sum of ₦4,844,540.10 was signed by the Project Controller and Director of Maintenance, State House, certifying the outstanding amount payable to the contractor.

5.444 Audit visit to the Guest House revealed the following irregularities:-

(i) The overhead tank was erected but not connected to the house, hence another contractor had to be paid to do the job. The house keeper complained that the tank does not hold water as water drains out shortly after being pumped into the tank. Also, the borehole water smells and thus not fit for human consumption.

(ii) The water connector in one of the bathrooms upstairs, claimed to have been repaired was still faulty at the time of visit.

(iii) The landscaping was to allow free flow of rain water out of the premises, but the problem of water logging still persists after rains according to the house keeper; and

(iv) The Guest house comprising six rooms in the main building and three rooms in the annex, and even the boys' quarters are occupied by men of the Presidential Air Fleet who have been there for over a year now. The Guest house is not meant for this purpose.

On a general note, this job was not satisfactorily executed by the contractor. It was learnt that the house keeper had to sign the Job Completion Certificate against her wish, but the supervising officer refused to sign. In view of the foregoing, the Permanent Secretary has been requested to call the contractor back to site to rectify the lapses highlighted above and to notify this office accordingly for verification.

5.445 It was observed that an officer got a refund of out of pocket expenses in the sum of ₦301,477.81 through a payment voucher of 10th July, 2007. In a memo to the Permanent Secretary through the DFA and DD/Accounts dated 3rd July, 2007, the officer explained the retirement of ₦2,042,500.00 granted him for fuelling and DTA for presidential trip to Katsina and Kano. Details of the DTA, list of officers, number of days and per diem were not provided. Also, the list of vehicles that were fuelled was not attached to the voucher, only seven receipts for amounts between ₦30,000.00 and ₦87,000.00 totalling ₦651,477.81 and issued in two days (30/6/07 and 1/7/07) were attached. The Principal Secretary has been informed of the irregularities and was requested to produce the detailed particulars of retirement and forward them for audit verification.

5.446 A cash advance of ₦568,980.00 was paid to the Senior Special Assistant to the President on Millennium Development Goals (SSAP-MDGS) on a payment voucher of 2nd November, 2007 for placement of "two different adverts in two leading Newspapers to introduce the Monitoring and Evaluation Association of Nigeria to all practitioners in the field of Monitoring and Evaluation and other interested professional", without the pro-forma invoices and receipts attached to the voucher. The cost of this as stated in a memo to the Principal Secretary to the President from the SSAP-MDGS dated 30th October, 2007 is as follows:-

(i)	This Day Newspaper - 2 Adverts	₦
	(½page black & white @ ₦171,990.00	343,980.00
(ii)	Daily Trust Newspaper – 2 Adverts	
	(½page black & white @ ₦112,500.00	225,000.00
	**TOTAL = **	**₦568,980.00**

The retirement particulars including the pro-forma invoices and receipts of payments to the Newspaper House should be produced for audit examination.

5.447 A cash advance of ₦546,000.00 was granted to an officer in the Banquet Hall to hire 140 kitchen staff/waiters to service various functions that took place in the Banquet Hall between 28th November and 21st December, 2006 which was retired through four adjustment vouchers all dated 30/12/06. The list of the hired workers showing names, amounts collected and their signatures as evidence of collection was not included in the retirement particulars, contrary to Financial Regulation No. 603. The Permanent Secretary has been requested to forward the list of the hired workers showing names, amounts collected, signatures and date as evidence of collection to my office for verification.

5.448 Also, at the State House, Abuja, it was observed that 21 payment vouchers raised between October and December 2007, for amounts totalling ₦47,561,860.05 and paid from State House Recurrent Vote for the year 2007 were not produced for audit examination. On account of this, I find it difficult to accept the payments as a proper and legitimate charge against public funds. The Permanent Secretary has been asked to produce the vouchers for audit examination.

5.449 A total sum of ₦7,430,795.19 was granted to 20 officers in the State House between April and December 2007 as cash advances to carry out various assignments in 2007. The advances remained unretired as at the time of audit inspection in September, 2008, contrary to Financial Regulation No. 1705 which stipulates that "All Advances taken must be retired immediately on completion of the assignment for which they were granted". The Permanent Secretary has been requested to ensure prompt retirement of the advances by the affected officers, and forward retirement particulars for audit verification.

All the irregularities highlighted above have been communicated to the Permanent Secretary for necessary action.

OFFICE OF THE SECRETARY TO THE FEDERAL GOVERNMENT

5.450(a) The Shehu Shagari Presidential Complex was initially designed to accommodate the President and his aids, but was later converted to office complex. The conversion has passed through (five) 5 different contractors with a lot of funds committed at each stage of the contract work as follows:-

(i) The 1st contractor was awarded the job in 1980 for a total contract sum of ₦74,186,350.28. This contract was terminated in 1991 after an upward review of ₦171,061,944.65 was not granted as requested by the contractor.

(ii) The second (2nd) contractor was awarded the job in January, 1996 for a total contract sum of ₦1,993,396,347.05. Work commenced on the 5th of April, 1996 after a mobilization fee of ₦100,000,000.00 was paid to the contractor. This contract was again terminated on October, 2001 for unsatisfactory performance by the contractor after six years.

(iii) The third (3rd) contractor was awarded the job on the 12th of September, 2001 for a sum of ₦2,159,349,829.01. Work assessment was put at 72% completion before this contract was kick-started again on 1st February, 2002. 25% mobilization fee of ₦539,837,458.00 was paid to the contractor. This contract was again terminated in July, 2003 after the contractor demanded for another 40% down payment. The contract only attained 4% completion scope out of the outstanding 28% before the termination.

(iv) The fourth 4th) contractor was paid a cheque for ₦585,595,740.87 in August, 2006. It was noted however, that the amount was allegedly paid back to chest but without any Treasury Receipt Book 6 particulars produced to buttress the claim.

(v) The project was re-evaluated and put at 73% completion before being awarded to the 5th contractor in January, 2006 at a total sum of ₦2,650,000,000.00. As at the time of project inspection in April, 2008, the sum of ₦1,987,336,153.38 was paid to the 5th contractor representing 80% down payment.

(b) Examination of the records revealed the following irregularities in the payments:-

(i) It was not possible at the time of audit inspection to ascertain how much has been paid to the three earlier contractors as detailed information on the payments were not provided.

(ii) None of the contractors has been blacklisted for non-performance.

(iii) 73% completion state of the project after passing through three (3) contractors would seem a drain on public funds.

(iv) As at the time of audit inspection in April, 2008, the duration of work which was to be 52 (fifty-two) weeks was already 123 weeks.

(v) The schedule of payments revealed that about 80% payments had been made but actual job done was estimated at 60%.

(vi) Additional jobs which were not initially provided for in the contract agreement have, up till now, no variations or Bills of Quantities (BOQ) to support them.

(vii) Inspite of the slow pace of work and the fact that the contract has gone beyond the stipulated completion time, none of the contractors officially requested or asked for extension of time.

(viii) The number of contractors engaged so far for the same job would appear to be an indication of a poor contractor selection process.

These irregularities have been brought to the attention of the Secretary to the Government of the Federation for his comments.

SERVICOM HEADQUARTERS, ABUJA

5.451 At the SERVICOM Headquarters, examination of payment vouchers revealed that Withholding Tax and Value Added Tax were deducted from contract payments as well as Pay-As-You-Earn from staff totalling ₦17,483,394.00. This was not paid to Federal Inland Revenue Services as required by the Financial Regulation No. 334 and Value Added Tax Act No. 102 of 1993. This amount should be recovered and remitted to the FIRS as the non-remittance of it constituted a loss of fund to the Federal Government. Particulars of payment should be forwarded for audit verification. The irregularity has been brought to the attention of the Senior Adviser to the President on SERVICOM who has been requested to effect immediate recovery and remittance of the money and forward particulars of compliance to my Office for verification.

NATIONAL POVERTY ERADICATION PROGRAMME (NAPEP)

5.452 During the audit examination of the accounting and other records maintained by the National Poverty Eradication Programme, it was observed that two Insurance companies were paid the total sum of ₦87,062,816.60 on two payment vouchers all dated 28/6/07. The purpose was to provide insurance cover to NAPEP project vehicles, buildings, Electrical equipments, Furniture's and fixtures, Computers, Air Conditioners and Loans disbursed under farmer's empowerment programmes. Audit examination of the relevant payment vouchers revealed the following anomalies:-

(i) There was no proper description of the quantity and locations of NAPEP items under the insurance cover;

(ii) The manner and method in which the two companies were selected is shroudded in secrecy as there was no competitive bidding as required by Extant Regulations;

(iii) The two insurance companies were mere **Insurance Brokers** and not reputable insurance companies;

(iv) The total sum of ₦87,062,816.60 paid exceeded approval limit of the Chief Executive of NAPEP;

(v) The total sum of ₦87,062,816.60 was paid from **Macro-Credit Scheme** Account, which is primarily meant to provide loans to poor Nigerians to alleviate their sufferings. One therefore wonders why the account was used to pay for insurance cover, thereby deviating from Budgetary Provision giving rise to unauthorized virement of funds, contrary to Financial Regulation No.

517. The National Co-ordinator has been informed of the various anomalies and was requested to comment.

Purchase of Tri-cycle (Keke Napep) for ₦2.4 billion

5.453 Audit examination of payment vouchers revealed that Mr. President granted approval to NAPEP in order to purchase five thousand (5,000) units of Tri-Cycle (Keke-Napep) including spare parts at a total contract sum of ₦2,400,000,000.00 (Two billion, four hundred million only) out of which ₦150 million was meant for the purchase of spare parts. The contract was awarded to a Lagos based company at a total sum of ₦2.4 billion which was paid up-front. This payment contravened the provision of Extant Regulations on government contracts which provided a maximum of 15% mobilization fee. The total sum of ₦2.4 billion was paid on two payment vouchers all dated May, 2007. According to the contract agreement signed and sealed, the contractor was expected to deliver the entire 5,000 units Keke Napep including spare parts within 455 days from the date of payment. However, audit examination of the transactions revealed the following irregularities:-

(i) The payment of ₦2.4 billion to the company violated due process provisions as there was no evidence of the Federal Executive Council (FEC) conclusions as required in Finance circular No. F15775 sec (vii) dated 27th May, 2001 which vested approval of all contracts above ₦50 million on the Federal Executive Council.

(ii) There was also no evidence of "certificate of no-objection" or certificate that certified payment to the contractor from Due Process Office.

(iii) The method and manner in which the contractor was selected to supply the KEKE is shroudded in secrecy as there was no evidence of competitive bidding before the award, contrary to Section 24(i) of the Public Procurement Act, 2007 and extant contract award regulations.

(iv) The contractor was paid the full lump sum of ₦2.4 billion in May 2007, yet as at the time of audit inspection in August 2008 over one year, only 500 KEKE units were delivered to NAPEP leaving a balance of 4.500 units yet to be supplied. In addition, no single spare part was supplied even though the provision of ₦150 million had been paid for them in full.

(v) The tax element to Federal Inland Revenue Service (FIRS) on this contract being the mandatory 5% Withholding tax and VAT of 5% amounting to ₦240 million was ignored giving rise to loss of revenue of same amount to government.

(vi) Furthermore, the Federal Government at the contract price, bought each KEKE for ₦450,000.00 and to be sold at 50% discount to poor Nigerians with the aim of alleviating their sufferings. Surprisingly, NAPEP on taking delivery of the 500 units, sold them in bulk to another Abuja based company at 50% discount that is, at the same reduced price of ₦22,500.00 each. This

constituted a huge loss in Government revenue, and one wonders why the tricycles were not distributed to the States in accordance with Mr. President's directives.

The attention of the National Co-ordinator NAPEP has been drawn to all the irregularities for his comments which are still being expected.

Micro Credit Loans

5.454 Audit examination of payment vouchers revealed that a total sum of ₦2,702,832,783.26 was granted to 13 sampled loans Micro-credit beneficiaries out of which a total sum of ₦913,154,774.22 was recovered as re-payments, while the sum of ₦1,789,678,009.04 remained outstanding as at the time of audit inspection in August, 2008. Due to poor loan re-payment policy, the beneficiaries' response on re-payment of loan due was very low. In an effort to recover the outstanding loans, NAPEP engaged six (6) Private Consulting Firms and paid a total sum of ₦1,500,000.00 at the rate of ₦250,000.00 each in January 2007. But no sooner the amounts were paid to the firms, than the consultants abandoned the recovery drive and disappeared. The National Co-ordinator has been asked to recover the total sum of ₦1,789,678,009.04 being loans due but yet to be recovered from the affected loanees and make recovery particulars available for audit verification and in addition recover the sum of ₦1,500,000.00 paid to six (6) Consultancy Firms which had abandoned recovery drive after collecting full payment for the job.

SOUTH SOUTH HEALTH CARE DELIVERY PROGRAMME

Transfer of Funds Without Authority

5.455 Audit examination of payment vouchers raised under South-South Health Care Delivery Programme (SSHCD) revealed that, four (4) payment vouchers were used to transfer the sum of ₦353,000,000.00 from the local currency account (Operational Account) to Foreign Currency Joint Account (NILISA) without the approval of the Secretary to the Government of the Federation. The Operational Account is primarily meant to run SSHCDP Secretariat, payment to staff, benefits and volunteers on-shore allowances. While the Foreign Currency Joint Account is meant for volunteers' off-shore allowances including other nationals. By this transfer, the Auditor-General for the Federation was prevented from certifying such expenditure as required by Extant Regulations. The Director-General of SSHCDP had been requested to furnish the detailed statement of account for the sum of ₦353,000,000.00 for audit examination.

5.456 Audit examination of payment vouchers revealed that an Abuja based company was awarded a contract to supply two (2) number Generating Sets for a total sum of ₦17,520,000.00 and payment made on 2 payment vouchers dated 21st June, 2007 for the purchase of 27 KVA sound proof Generating set and 160 KVA sound proof Generating Set. The Generating Sets were to be located at the

residences of Director-General and Deputy Director-General DDG(A) respectively. Audit scrutiny of the transactions revealed the following anomalies:-

(i) The contractor's quotation which was approved included quotation of ₦1,020,000.00 as provision for VAT and contingency of ₦1,020,000.00 and Installation cost of ₦800,000.00. However, it was noted that SSHCDP as an international agency is exempted from payment of VAT and Withholding Tax on items purchased.

(ii) The payment vouchers were not supported by relevant documents such as Delivery Notes, official receipts issued by the contractor to acknowledge receipt of money received, contrary to Financial Regulation Nos. 603 and 613.

The Director-General had been asked to recover the sum of ₦1,020,000.00 and submit detailed statement of accounts for the contingency payment of ₦1,020,000.00 for audit examination.

BUREAU OF PUBLIC SERVICE REFORMS (BPSR)

Revenue Account

5.457 Audit scrutiny of Departmental Expenditure Vote book and cash books maintained by the Bureau of Public Service Reforms (BPRS) revealed that in 2006, a total sum of ₦8,250,000.00 was realized as revenue from contractors bidding fees. But only a total sum of ₦6,400,000.00 was paid to chest, leaving a balance of ₦1,850,000.00 un-accounted for. This contravenes the provisions of the Financial Regulations 309 and 313 which stipulate that "on no account shall any withdrawal be made from the revenue account, other than for the purpose of transfer to the Consolidated Revenue Fund Account". The Permanent Secretary has been requested to give full account of the shortfall of revenue amounting to ₦1,850,000.00 and pay same to chest forwarding full particulars for audit verification.

5.458 Audit examination of payment vouchers raised by BPSR showed that four (4) payment vouchers were raised in the name of a Commercial Bank between July and November 2007, totalling ₦133,629,500.00 being payments for transportation, duty tour allowances and pre-retirement training allowances of Trainees. A scrutiny of the vouchers revealed thefollowing irregularities:-

(i) The four (4) payment vouchers do not bear Treasury serial numbers, as required by extant regulations;

(ii) The BPSR could not show evidence of the total number of retirees who were trained and paid at each Centre.

(iii) There was also no evidence that there was any reconciliation between the Bank and BPSR at the end of the exercise. It is therefore doubtful whether or not the amount of ₦133,629,000.00 transferred was properly utilized by BPSR.

The Permanent Secretary has been requested to make available reconciled statements of the amounts transferred and a comprehensive list of staff who benefited from the training exercise for audit verification.

5.459(a) As at the time of audit inspection in June 2008, investigation revealed that from inception of the Public Service Reforms a total sum of ₦33,981,807,226.00 was released from Budget Office to the Accountant-General of the Federation for on-payment of trained Federal Public Servants who were retired as a result of Federal Government reforms policy. Out of the total amount released, the sum of ₦33,797,163,880.06 was actually utilized to pay 46,710 trained retirees leaving a balance of ₦10,168,422.94 unutilized.

(b) However, audit investigation from the schedule officer in the Office of the Accountant-General of the Federation revealed that cheques returned from various Banks as unspent balances amounted to ₦6,548,011,189.71. In essence, the unspent balance as at the time of audit inspection was ₦6,558,179,612.65. The payment vouchers and related documents including bank statements and bank reconciliation statements relating to the expenditure of the sum of ₦33,971,638,803.06 said to have been used to pay 46,710 retired staff were not made available for audit examination. It was therefore not possible to determine the correctness of these payments and assessment of actual balance.

(c) Both the Permanent Secretary and the Accountant-General of the Federation have been requested to produce the necessary payment documents to Servered Public Servants together with relevant bank statements for audit examination.

NATIONAL LOTTERY TRUST FUND

5.460(a) The National Lottery Trust Fund was enacted by an Act of the National Assembly in 2005 for the purpose of, among other provisions, collecting 20% remittance fees from all lottery proceeds organized and supervised by the National Lottery Regulatory Commission.

The Fund maintained (3) three Bank Accounts in 3 Commercial Banks as approved by the Accountant-General of the Federation. Audit examination of the Revenue collected revealed that a total of ₦76,640,762.91 was collected from (3) sources namely:

			₦
(i)	Franchise agreement from premier Lotto Ltd		60,000,000.00
(ii)	Statutory 2% from NCL Lotto play		15,089,390.71
(iii)	Investment Income on Bank Deposit With a Commercial Bank		1,551,372.20
	TOTAL	=	**₦76,640,762.91**

(b) The Operational Expenses totaling ₦62,561,142.44 were verified against relevant Bank Statements and this action revealed a surplus of ₦290,759.03 in the Bank from fixed interest credits which were yet to be reflected in the Fund Cash Book. Moreover, the Federal Government Contribution to the Fund paid through the Office of the Secretary to the Government of the Federation, was ₦25,502,064.34.00 for Sundry Overhead Expenditure. However, audit examination of the accounting records maintained revealed the following discrepancies:-

(i) All Revenue collected were not backed up with Treasury Receipt Book 6A contrary to Financial Regulation No. 317. The total Revenue collected was put at ₦75,089,390.71 while the expenses recorded was ₦62,851,901.44 resulting into a difference of ₦12,237,489.27.

(ii) The Operating Expenses totalling ₦14,079,620.00 was merely noted in a Register of Expenditure and no payment voucher was raised for any expenditure contrary to Financial Regulation No. 601 which stipulates that "All payment entries in the accounts must be vouched for in one of the prescribed forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstance should a cheque be raised or Cash paid for which a voucher has not been raised"

(iii) A contract was awarded to a company for the supply of a set of Conference Table and 16 Executive Leather Chairs for a total sum of ₦2,145,000.00. Due process was not followed in the award of the contract because:-

- ► No Ministerial Tender Board Minutes was available
- ► No evidence that there were three written quotations obtained from qualified contractors/suppliers for the competitive bidding. Thus, the method of selection was shroudded in secrecy. This is contrary to the Procurement Act 2007 (Section 41 (3b) and Financial Regulation No. 2909.
- ► No evidence that the materials supplied were taken on store ledger charge with Store Receipt Vouchers issued as evidence of receipts, contrary to Financial Regulation No. 2206.

- The Mandatory 5% Withholding Tax and 5% Value Added Tax totalling ₦214,500.00 were not deducted and hence not remitted to the Tax Authority, contrary to VAT Act 102 of 1993 and Financial Regulation No. 334. This omission constitutes a loss of revenue to the Federal Government of Nigeria.

All the irregularities have been communicated to the Chief Executive/Secretary who has been requested to comment, retrieve the uncollected tax of ₦214,500.00 and furnish the details of its payment to the Federal Inland Revenue Service to my Office for audit verification.

NATIONAL ECONOMIC INTELLIGENCE COMMITTEE

5.461. While examining the records of the National Economic Intelligence Committee (NEIC), it was noted that relevant government accounting records such as the Cash book and the Vote book were not maintained and no authority was produced to show that the Committee has been exempted from keeping such records. The Committee has been advised to ensure compliance with extant regulations on maintenance of proper books of accounts.

5.462 The sum of ₦4,472,503.20 paid for supply and installation of Venetian Blinds in the NEIC offices were found to be irregular because there was no due process approval for the contract. This payment was made from the Recurrent Expenditure Vote as against the Capital expenditure Vote, contrary to the provisions of the Financial Regulation No. 517. The chairman has been asked to explain why due process was ignored and a sum of ₦4,472,503.20 was vired from the Recurrent Expenditure Vote without the authority of the Ministry of Finance and the National Assembly.

5.463 The Committee spent ₦2,750,000.00 on computer training. The attachments to the payment voucher for the training were questionable, because the schedule of the training prgramme bore the name and address quite different from the consultant who submitted the original Training proposal and was awarded the contract. Further audit examination of the payment voucher revealed that accessories bought to the tune of ₦630,000.00 for the training could not be accounted for. Also the sum of ₦275,000.00 revenue was lost by government because WHT and VAT were not deducted and remitted to the Federal Inland Revenue Service as required by VAT Act 102 of 1993. The list of participants was also not attached to the voucher.

5.464 The sum of ₦3,770,000.00 paid on payment voucher for purchase of stationeries for local government Monitoring and Evaluation Exercise has not been properly accounted for. A memo from the Store Officer indicated that the stationeries were dispatched during the January – March, 2007 exercise to field staff in the 36 states of the Federation, without producing records where the items were

taken on store ledger charge and subsequently issued out, contrary to Financial Regulation 2206. However, the sum of ₦3,770,000.00 was above the approval limit of the Secretary and discrepancies noticed cast doubt on the genuineness of the transactions. The irregularities were conveyed to the chairman who has been asked to recover the sum of ₦3,770,000.00 from the officer who approved the payment, while furnishing the office with recovery particulars for audit verification.

5.465 The Secretary to the Federal Government's circular No. 59428/S.1/T/58 of 13/12/07 approved the disposal/boarding of 16 No. Motor Vehicles. It was noted that three members of the board who bought out of the vehicles have not paid for the three vehicles they purchased. The unpaid sum of ₦1,769,687.50 should therefore be recovered from the board members and paid to government chest, forwarding receipt particulars for audit verification. Meanwhile, the total sum of ₦2,127,240.00 realized from the sale of the other vehicles has not been paid to government chest as at the time of audit inspection, contrary to Financial Regulation 317. The chairman has been asked to recover the outstanding amount from the three defaulting board members; and ensure payment into the government chest, furnishing my office with details of recovery of the sums of ₦1,769,687.50 and ₦2,127,240.00.

All the irregularities have been communicated to the chairman for prompt action.

OFFICE OF THE HEAD OF SERVICE OF THE FEDERATION

5.466 It was observed during the audit examination of the accounting and other records maintained at the Office of the Head of Service of the Federation, Abuja, that amounts totalling ₦4,792,450.00 were granted as personal advances to six officers for purchases and installations of close Circuit Television Cameras (CCTVs) between the months of November and December, 2007 for ₦1,930,000.00, purchase of stationery items in the Manpower Development Office (MDO) for ₦1,912,450.00 and purchase of 4 Laptop Computers for ₦950,000.00. Three vouchers were raised on the same date totalling ₦950,000.00 for the direct purchase of the 4 Laptops instead of issuing Local Purchase Orders, or awarding contract to a firm to supply them

As at the time of audit inspection in August 2008, the CCTVs were yet to be installed, and all the purchases were found to be in contravention of Treasury and Finance circulars Ref. No. TRY/A5&B5, 2001, OAGF/T.3/III/022 of September 7, 2001 which stipulates that "all local procurement of stores and services exceeding ₦1,000,000.00 shall only be made through contract". Consequently, the Head of Service has been requested to:-

(i) ensure that the sum of ₦1,930,000.00 is refunded and paid back to chest for non-performance; and

(ii) comment on why the aforementioned purchases were not made through contract, contary to extant regulations.

5.467(a) It was also noted that a sum of ₦26,418,950.00 was paid on different payment vouchers as advances to 5 officers to handle the following activities:-

(i) Conducting Service-wide training for officers to be conducted by two Institutions namely: Administrative Staff College of Nigeria (ASCON) and Centre for Management Development (CMD) for ₦24,800,000.00.

(ii) Arranging purchase of refreshments and stationery items together with payment of honorarium to an officer who was producing briefs for pending disciplinary cases for ₦280,000.00

(iii) Purchase of 4 Laptop Computers for the Directors in the Management Services Office for ₦950,000.00.

(b) Audit examination of these vouchers revealed the following irregularities:-

(i) the voucher for the training bore no departmental number and details of the course were not provided by the training Institutions.

(ii) Details of those paid honoraria totaling ₦100,000.00 were not attached, contrary to Financial Regulation No. 613.

(c) On account of these irregularities, it was difficult to accept the expenditures as proper and legitimate charges against public fund. Consequently, the Head of Service has been requested to:-

(i) provide the vital documents to support the expenditure incurred on training for audit verification.

(ii) provide details of payees of the honoraria in accordance with Financial Regulation No. 613; and

(iii) explain why the extant regulations on Local procurements were not complied with.

5.468 A sum of ₦360,000.00 was paid to an officer on the 21st December, 2007 for onward remittance to the Federal Civil Service Clubs across the country. Audit investigation revealed that the money was not remitted as there were no acknowledgement receipts or other evidence of remittance attached to authenticate the payment. The irregularity has been conveyed to the Head of Service who was

requested to recover the money from the officer, quoting recovery particulars for audit verification.

All the foregoing irregularities have been communicated to the Head of Civil Service of the Federation for prompt action.

FEDERAL GOVERNMENT STAFF HOUSING LOANS BOARD

5.469 Audit examination of the accounting records maintained at the Government Staff Housing Loans Board, revealed that one hundred and seven (107) beneficiaries of housing loans totalling ₦88,696,194.37 granted between February and November, 2007 have not commenced repayment as at the time of audit inspection in March, 2008. The repayment of these loans should be made retrospective from the due dates and overdue amounts should be fully recovered from the defaulters.

5.470 Loans totalling ₦9,092,794.12 granted to thirty four (34) Ministries, Departments and Agencies which are due for repayment were not remitted to the Board as at the time of audit inspection in March, 2008. Efforts should be made to ensure that the MDAs remit the total sum due to the Board, and notify my Office of particulars of payment for audit verification.

5.471 One staff who was disengaged from service during the right-sizing exercise, and who had benefited from the Housing loan, had a total sum of ₦452,998.73 outstanding against him. Efforts should be made to recover this money fully from his retirement benefits.

All the anomalies have been communicated to the Secretary for prompt action.

NATIONAL COMMISSION FOR REFUGEES

5.472. At the National Commission for Refugees (OSGF), Abuja, audit examination of the capital payment vouchers revealed that the following buildings were rehabilitated:- 1 No. Office block, 2 No Class rooms, 1 No. Head teacher's office and 1 No. security post at a total contract sum of ₦6,043,737.20. Prior to the award of the contract, there was a request through a Memorandum for the rehabilitation of the above units of buildings with a professionally estimated Bill of Quantities valued at ₦1,723,030.00. The memo was disregarded and the contract was awarded for ₦6,043,737.20 The manner and method by which the contract was awarded is shrouded in secrecy. Due process was not followed in the entire process. The amount of ₦4,320,707.20 being the difference between the officially estimated cost

and the actual amount paid should be recovered from the contractor or the officer who approved the payment. The Honourable Federal Commissioner's attention was drawn to the irregularities for his comments which are being expected.

5.473 Audit examination of payment vouchers at the Commission revealed that, a total sum of ₦110,313,440.00 was paid to various contractors for the supply of food stuff to Oru Refugees Camp. Further investigation at the Oru Refugees Camp revealed that store items procured from six (6) contracts valued at ₦15,510,440.00 were not taken on store ledger charge. The anomaly has been reported to the Honourable Federal Commissioner and has been asked to recover the sum of ₦15,510,440.00 from the 6 contractors or recover the sum from the officer who approved the payment and furnish my office with details of recovery for audit verification.

5.474 Further examination of payment vouchers raised by the Commission also revealed that the sum of ₦10,000,000.00 was paid to a contractor in April, 2007 for the computerization of Abuja, Lagos and Maiduguri Liaison offices. This contract was awarded under the capital project for 2006. Audit investigation revealed that this contract was certified as completed and 100% payment made. While another sum of ₦7,950,000.00 was paid to the same contractor towards the end of 2007 for the same computerization of the Lagos and Maiduguri Liaison offices. There was no evidence to justify this additional payment of ₦7,950,000.00 and therefore, this amount should be recovered from the contractor or the officer who approved the duplicated contract sum. The Honourable Federal Commissioner has been notified of the discrepancy and was urged to recover the sum of ₦7,950,000.00 from the contractor and furnish my Office with details of recovery for audit verification.

5.475 Three (3) motor vehicles were purported to be unserviceable namely:

(i) Mercedes MB 180 Bus FG 08 R02
(ii) Peugeot J.5 Bus FG 04 R02
(iii) Peugeot Saloon FG 04 R02

The vehicles would not be sighted during physical verification of assets carried out and no loss of vehicles was officially reported. The Honourable Commissioner has been requested to make available these vehicles for audit verification.

5.476 Similarly, the underlisted motor vehicles were alleged to be located at Oru Refugees Camp, Ogun State. The Commandant denied knowledge of the existence of the motor vehicles during physical audit inspection at the camp.

(i) Land Cruiser Jeep FG 17 R02 (UNCHR)
(ii) Land Cruiser Jeep FG R02 U (NCHR)
(iii) Toyota Pickup Double Cabin FG 26 R02 (UNCHR)

The Honourable Federal Commissioner has been requested to account for these missing motor vehicles.

All the irregularities were communicated to the Federal Commissioner for prompt action.

CODE OF CONDUCT BUREAU

5.477. During the audit examination of the cash books and records of "On-Payment" deductions maintained at the Code of Conduct Bureau Headquarters, Abuja between July, 2007 and May, 2008, it was observed that amounts totalling ₦18,837,227.76 were deducted from various contract payments as Value Added Tax (VAT) and Withholding Tax. The total amount deducted was not fully remitted to the receiving Authority i.e. Federal Inland Revenue Service as required by extant regulation. Only ₦17,120,280.10 was remitted to the receiving Authority while ₦1,716,947.66 remained unpaid as at the time of audit inspection in November, 2008. The unremitted balance means a loss of revenue to the Federal Government. However, the Secretary has been requested to comment and ensure that the amount of ₦1,716.947.57 be remitted to the receiving Authority and forward the evidence of compliance to my Office for verification.

5.478 It was also observed during the audit examination of Monthly Transcripts of Accounts that amounts totalling ₦560,950.00 were paid between July, 2007 and December, 2007 for legal services rendered to the Bureau, by outside legal consultants, instead of utilizing the services of the legal officer in the Legal Department of the Bureau. These expenditures appear irregular in view of the fact that the Bureau has a functional Legal Department. The Secretary has been requested to justify the action or otherwise refund the amount involved.

CODE OF CONDUCT TRIBUNAL

5.479 During the audit examination of the cash books and records of "On-Payment" deductions maintained at the Code of Conduct Tribunal, Abuja between March, 2007 and May 2008, amounts totalling ₦13,295,893.92 were observed to have been deducted from various contract payments as Value Added Tax (VAT) and Withholding Tax. The total amount deducted was not fully remitted to the receiving Authority as examination of the cash books revealed that only ₦6,638,935.96 was remitted to the receiving Authority while ₦6,656,957.96 remained unaccounted for. Financial Regulation 334 requires all the Accounting Officers to make provision for VAT and WHT due on supply and services contract and actual remittance of same. The Chairman has been requested to ensure that the balance of ₦6,656,957.96 is

remitted to the receiving Authority forwarding the receipt particulars to my office for verification.

5.480(a)Audit examination of a payment voucher for the sum of ₦1,190,000.00 paid on 11th December, 2007 to 12 Security Personnel for security services rendered to the Tribunal between June and December, 2007 revealed that:

(i) Only ₦130,000.00 was receipted for by 3 payees, while ₦1,060,000.00 was not receipted for suggesting that 14 payees did not collect ₦1,060,000.00, contrary to Financial Regulation No. 613.

(ii) The original payment voucher and all its copies together with the attached documents were not stamped "PAID" as required by Financial Regulations.

(b) Similarly, amounts totalling ₦720,000.00 paid to 24 labourers on a payment voucher of 31st July, 2007 for March 2007 to July, 2007 were not receipted for by the 24 labourers and the payment voucher was also not stamped "PAID" in accordance with Financial Regulation. The anomalies have been communicated to the chairman who has been requested to produce:-

(i) The list of the beneficiaries showing names, signature, amount collected and date for audit verification.

(ii) The payment voucher should be stamped "PAID" as required by extant regulation.

(iii) Evidence of acknowledgement of receipts for the total sum of ₦1,780,000.00 to the purported payees for audit verification.

All the issues have been forwarded to the Chairman for prompt action.

NATIONAL POPULATION COMMISSION

National Population Commission, Headquarters, Abuja

5.481 During the audit examination of the accounting and other records maintained at the National Population Commission, Headquarters, Abuja, it was observed that the sums of ₦16,234,410.17 and ₦3,851,143.50 were withdrawn from the Salary Account of the Commission maintained with a Commercial Bank through cheque Nos. 1741 and 1744 dated 12th February, 2007 respectively. Similarly, the Commission withdrew sums of ₦1,862,404.14 and ₦1,860,482.43 from the same Salary Account through cheque Nos. 1746 and 1660 of 20th February, 2007 respectively. The total sum of ₦23,808,140.24 so withdrawn was used to pay salaries. However, it was observed that duly signed payrolls by the payees and

related vouchers were not made available for audit examination to authenticate payment contrary to Financial Regulation Nos. 603 – 613. Unless these documents are produced, it would be difficult for me to accept the expenditures relating to these payments as proper and legitimate charges against public funds. The chairman has been asked to produce these documents for audit, otherwise recover the sum of ₦23,808,140.24 from the officers involved, furnishing me with recovery particulars for audit verification.

5.482 A sum of ₦1,200,000.00 was paid to a Newspaper company on 4th May, 2007 for Publications. It was however observed that 5% mandatory Withholding Tax and Value Added Tax (VAT) were not deducted from the payment of ₦1,200,000.00 made to the company, contrary to Financial Regulation No. 334 and VAT Act No. 102 of 1993. The chairman has been asked to comment and recover the 5% Withholding Tax of ₦60,000.00 and the 5% VAT of ₦60,000.00 totalling ₦120,000.00 from the company involved and furnish me with recovery particulars for audit verification.

5.483 On 3rd April, 2007 the sum of ₦12,200,000.00 was paid to Sokoto State Office of National Population Commission and 19 others for the settlement of injured and deceased staff resulting from the conduct of 2006 Census exercise. However, it was observed that details of expenditure and the relevant T.10 forms, containing the acknowledgement of payees used for the exercise had not been produced as at the time of audit inspection to confirm judicious expenditure of the sum of ₦12,200,000.00. The chairman has been asked to produce the relevant supporting documents for this expenditure for necessary verification, otherwise the sum of ₦12,200,000.00 should be recovered from the officers involved, furnishing my Office with recovery particulars for audit verification.

5.484 Personal Advances for amounts totalling ₦39,651,360.00 were granted to a staff in July 2007 during the launching of the National Birth Registration campaign for sundry expenses, such as printing of posters, media announcements, production and airing of jingles, production of T-Shirts etc. It is, however, disturbing to note that this huge sum could be granted as an advance and for purposes that would have been achieved through contract award or the issuance of local purchase orders as stipulated by the Treasury Circular No. A5 and B5/2007 which states that "advances shall not be used in place of LPO and that all procurement of stores and services costing ₦100,000.00 shall only be made through contracts". This procedures therefore constituted a loss to the Federal Government of revenue arising from non-payment of 5% VAT and 5% Withholding Tax amounting to ₦3,965,136.00. The Chairman has been asked to comment on the above irregularities and also to account for the sum of ₦39,651,360.00 by producing details of expenditure and the relevant supporting documents, such as receipts, bills etc for audit verification.

National Population Commission, Awka, Anambra State

5.485 At National Population Commission, Awka, Anambra State, it was observed that a total of ₦284,000.00 was generated as revenue from attestation certificate

within the period of audit. Out of the above amount collected, the sum of ₦90,000.00 could not be accounted for by the Revenue Collector contrary to Financial Regulation No. 317. Secondly, the Revenue Collector did not maintain a Revenue Cash Book. The chairman has been asked to account for the sum of ₦90,000.00 and to ensure revenue cash book was kept henceforth.

5.486 During the examination of the cheque stubs, it was observed that cheques amounting to ₦56,207,192.88 were payments made in the names of staff of this Unit without raising payment vouchers. This is contrary to Financial Regulation 603, which states that "all payment entries in the account must be vouched for in one of the prescribed forms. Vouchers must be made out in favour of the person to whom the money is actually due ….". The audit team also observed that cheques amounting to ₦69,404,614.40 were raised in the names of non-staff of the Unit. Moreso, payment vouchers were not presented for sighting. Therefore it becomes difficult to accept these payments as legitimate charges against public fund. As a result of the above, the chairman was requested to recover the total sum of ₦125,611,807.28 from the officers who approved these payments and to forward the recovery documents for audit verification.

5.487 It was observed that 28 cheque stubs with serial Nos. 13358423 – 13358450 were missing from a used cheque booklet with serial Nos. 13358401 – 13358450 and as such they were not presented for audit examination. It was not possible to determine the monetary value of the missing cheque stubs as the accountant did not maintain any cash book, cheque summary register and vote book. The Chairman has been asked toinvestigate the anomalies and forward the findings to my Office for verification.

5.488 Audit examination of payment vouchers maintained at DNCR, Awka, Anambra State, revealed that the sum of ₦300,000.00 was granted to the Unit as a non-personal advance for the phase II Registration Exercise on 10/5/07. Further examination revealed that the advance was retired on a payment voucher and the attached receipt was only for the sum of ₦49,760.00, leaving the outstanding balance of ₦250,240.00 unreceipted. On account of this, the sum of ₦250,240.00 should be recovered from the officer and the recovery receipt particulars furnished for audit verification.

5.489 Audit examination of Vote Book maintained in this Unit, revealed that 5 No payment vouchers amounting to a total of ₦1,874,776.67 were not presented for audit examination. The officer in charge of the Unit bluntly refused to produce the vouchers. I therefore find it difficult to accept that the expenditure made on them are proper and legitimate charges against public fund. The chairman has been asked to produce the relevant payment vouchers or otherwise recover the sum of ₦1,874,776.67 from the officer, forwarding recovery particulars for audit verification.

National Population Commission Asaba, Delta State

5.490 During the physical inspection of the CENSUS Equipment, it was observed that 17 No. MRW and 77 No batteries were missing in the store. Efforts should be made to recover these items of stores and inform my office for audit verification.

5.491 At the National Population commission, Asaba, it was observed that four (4) motor vehicles were purportedly declared unserviceable and boarded without following due process in accordance with extant rules. The chairman has been asked to recover the motor vehicles from the Honourable Commissioner and the two Directors to whom the vehicles were allotted.

5.492 It was also observed that six officers were given various sums as advances amounting to ₦8,966,183.30 to carry out certain projects and services. Some of the officers were given advances on several occasions without retiring the previous ones earlier given to them contrary to extant regulations. In as much as payment vouchers were not raised for all the transactions involved, the payments cannot be accepted as proper and legitimate charges against public funds.

The chairman has been asked to have the advances retired immediately or recover the amounts involved from the officers, forwarding recovery particulars for audit verification.

National Population Commission, Damaturu, Yobe State

5.493 The audit examination of the accounting and other records maintained at the National Population Commission, Damaturu, Yobe State, revealed that three (3) bank accounts were opened between 2005 and 2007 without the authority of the Accountant-General of the Federation as provided in the Financial Regulations. However, necessary records such as AIEs, Cash Books, Vote Books, Payment Vouchers, Cheque Summary Register, Bank Reconciliation Statements in respect of the three (3) accounts were not made available for audit examination. On account of this, I could not confirm the true position of the accounts. The chairman has been asked to look into the anomalies and comment.

5.494 Thirteen (13) cheques for sums totaling ₦541,180.00 were issued between January and December, 2007 in favour of the chairman, National Population commission as loan repayments in respect of motorcycles loan scheme. However, there were no official receipts evidencing the acknowledgement of the sums involved from the NPC Headquarters, Abuja, contrary to Financial Regulation No. 603.

5.495 Similarly, sums totaling ₦16,000.00 were collected from issuance of letters of attestation for birth registration between July, 2005 and February, 2007 without evidence of remitting these sums to National Population commission Headquarters, or paid into revenue as required by extant regulation. The sum of ₦16,000.00 should be accounted for by the Unit.

5.496 An official vehicle KIA Sorento Jeep registration No. FG 205 H49 attached to the Office of Honourable Federal Commissioner in Yobe State could not be physically verified because it was not produced as at the time of audit inspection in March, 2008. This should be produced for audit verification.

5.497 Eighteen (18) disengaged members of staff have outstanding balances totaling ₦902,000.00 to be paid to the government. Also, nine (9) members of staff who were affected by the downsizing exercise held on to the official motorcycles allocated to them. However, no action has been taken to recover both the loan and the motorcycles from the staff. These should be recovered from the affected staff immediately.

National Population Commission Calabar, Cross River State

5.498 At National Population Commission Calabar, Cross River State, it was observed that 10 motorcycles valued at ₦750,000.00, attached to 10 retired staff of the Commission for various official assignments were carried away by them on retirement from service. Incidentally, there were no documents or other form of evidence to show that those officers were authorized to carry away the motorcycles. Efforts should be made to recover the loan and recovery particulars forwarded for audit verification. The Chairman has been informed of all the irregularities and has been asked to recover the motorcycles from them or alternatively, recover the costs of the motor cycles totalling ₦750,000.00 from the officers forwarding recovery particulars for audit verification.

All the anomalies have been taken up with the chairman for prompt action.

PUBLIC COMPLAINTS COMMISSION

5.499 During the audit examination of the accounting and other records maintained by Public Complaints Commission,it was noted that an amount of ₦269,500.00 was paid in June, 2007 as refund of out-of-pocket expenses to an officer of the Commission's office, Sokoto, Sokoto State. This amount was claimed to have been used for overhauling an official vehicle with Registration Number FG 51 P43 that was in a bad condition. Audit scrutiny of the payment voucher and the vehicle file revealed that the requisite approval was not obtained before the job was carried out. The chairman was asked to explain why the sum of ₦269,500.00 was paid as out-of-pocket expenses for a job which had no approval before it was carried out, otherwise recover the sum of ₦269,500.00 from the officer, quoting recovery particulars for audit verification.

5.500 The sum of ₦558,616.54 deducted as Withholding Tax and VAT was not remitted to Federal Inland Revenue Service, contrary to Financial Regulation No.

334 and Vat Act 102 of 1993. The chairman has been asked to submit FIRS receipt to confirm that the amount has now been remitted.

5.501 Three payment vouchers for various amounts totalling ₦1,920,695.50 raised by the Commission during the period under review were not produced for audit. On account of this, I cannot satisfy myself that the various payments were proper and legitimate charges against public funds. The chairman has been asked to produce the vouchers, for audit examination.

5.502 Audit survey of motor vehicles and motorcycles maintained at the Commission's Headquarters, Abuja revealed that four motor vehicles and two Suzuki Motorcycles of different brands and makes had broken down and parked at the Headquarters premises as at the time of this audit in July, 2008. It was revealed that a report that highlighted the conditions of the vehicles was earlier submitted to the Management at a time adequate money was released to the Commission for the maintenance of vehicles. Surprisingly, no repair was carried out on them. The chairman has been asked to inform me of efforts being made to repair the motor vehicles and motorcycles to prevent them from further deterioration.

5.503 Examination of the payment voucher relating to the retirement of the personal advance of ₦955,000.00 granted to an officer of the Commission for the training of Accounts and Audit staff on the Accounting, Transaction, Recording and Reporting System (ATRRS) conducted by a consultant between 24th – 27th April, 2007 revealed that the trainer requested for payment in cheque. Interestingly, the payment was made as a personal advance to a member of staff of the Commission who eventually paid the company. This method of payment to a firm is a deliberate violation of the Financial Regulation No. 614, which provides that payments to firms, shall be made only by cheques crossed "not negotiable", in favour of the firm. The chairman was requested to comment on this anomaly.

5.504 A total of ₦1,436,500.00 was paid in November, 2007 to a member of staff for the purchase of foreign currency for his estacode in respect of official trips the officer made outside the country. A scrutiny of the payment vouchers and the attached documents revealed that the foreign currency was not sourced from the Central Bank in accordance with the provisions of Circular No. CM.87/5.11/58 of 17th May, 2001 which directs public officials and Institutions to source their foreign exchange requirement through the Central Bank of Nigeria. The Chairman has been requested to comment on the anomaly.

5.505 Ten (10) payment vouchers for amounts totalling ₦400,625.50 for payments made between July and December, 2007 by the Public Complaint Commission were not produced for audit and as such I cannot satisfy myself that the payments involved were proper and legitimate charges against public funds. The chairman has been requested to recover this amount from the payees and furnish me with documents of recovery for audit verification.

All the issues have been communicated to the chairman for prompt action.

FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY

5.506 It was observed from the audit examination of the accounting and other records maintained by the Ministry of Science and Technology that a payment voucher dated 24/7/07 for ₦1,000,000.00 was raised in favour of a Voluntary Organization based in the Presidency to assist the organization in hosting 2nd Diaspora Day 3rd Science and Technology Conference held from 25th to 28th July, 2007. The cheque was written in the name of the organization but collected by an officer of the Ministry who also signed as the payee. This is contrary to the provision of the Financial Regulation No. 616 which stipulates that "Payments to Firms shall be made only by cheques crossed "Not Negotiable" "Account Payee only" in favour of the Firms". The Permanent Secretary has been informed of the irregularity for comments.

5.507 A sum of ₦4,295,000.00 was paid on a payment voucher dated 28th December, 2007 to a company for the supply of a Hyundai Sonata Saloon Car instead of a Hyundai H-1-GLS Bus Automatic Transmission 7-Seater Executive Full-option which was the type contained in the letter of approval issued by the Bureau for Public Procurement No. 2519/S.20/VOL.1/07/97 dated 5th October, 2007and also the Ministry's Due Process Certificate No. FMST/DFS/363/11/45 dated 9/5/07. The Permanent Secretary has been informed of the irregularities for comments.

5.508 A sum of ₦5 million was paid on a payment voucher dated 27th November, 2007 to a company for the supply of library furniture and equipment. However, it was observed that items totalling ₦422,000.00 were not supplied by the company as at the time of audit inspection. Moreover, Store Receipt Voucher was not produced to acknowledge the receipt of the furniture and equipment and to confirm that the items were taken on store ledger charge in the store, as required by extant regulation i.e. Financial Regulation 2602. The Permanent Secretary has been asked to direct the contractor to supply the remaining materials or refund the sum of ₦422,000.00 and forward the recovery particulars for audit verification.

5.509 The audit of the Monthly Transcript of Accounts for the Ministry could not be carried out because the Analysis book which is required for the audit of the Transcripts was written in pencil instead of ink as provided for in the Financial Regulations. The figures in the Analysis book could be tampered with if not written in ink. The Permanent secretary has been asked to correct the anomaly, and inform me for audit verification. All the irregularities raised above have been communicated to the Permanent Secretary for his prompt action.

MINISTRY OF SOLID MINERALS DEVELOPMENT

5.510. At Ministry of Solid Minerals Development, Calabar, Cross River State, it was observed that accumulated arrears of revenue totalling ₦40,000,000.00 arising from Royalties owed by two companies between May, 2004 and July, 2007 were not collected as at the time of audit inspection in October, 2008. The Permanent Secretary has been requested to recover the sum of ₦40,000,000.00 from the firms concerned forwarding the particulars for audit verification.

FEDERAL MINISTRY OF TRANSPORTATION (AIR SECTOR)

5.511. At the Federal Ministry of Transportation (Air), it was observed that the sum of ₦1,170,000.00 was granted to an officer as personal advance on a payment voucher dated April 4, 2007 to purchase stationery and produce report in the ministry. Personal advance above ₦100,000.00 is a breach of FR 1104 (B) and circular No. TRY/A5&B5/2001 OAGF/TS/005/111/222 of 7th September 2001 which stipulates that "purchases of stores, works and services above ₦100,000.00 should be done through contract". There was no documentary evidence produced to confirm that the stationeries were bought, received and issued out of the store of the Ministry, contrary to Financial Regulation No. 2206. The Permanent Secretary was requested to recover the sum of ₦1,170,000.00 from the officer and forward particulars of recovery for audit verification.

5.512 Another Personal Advances totalling ₦1,977,000.00 were observed to have been granted to two officers on two separate vouchers all dated 4th Aril, 2007 for ₦1,234,000.00 and ₦743,000.00 respectively, to enable them undertake statistical survey and investigation of Northern and Southern Zones of the country to achieve undisclosed objectives. The itinerary, dates, duration and details, being very important elements of the purported statistical survey and investigation were not stated on the vouchers to confirm that the exercise was actually undertaken contrary to Financial Regulation No. 603. The Permanent Secretary was requested to recover the sum of ₦1,977,000.00 from both officers and forward recovery particulars for audit verification.

5.513 A contract worth ₦12,000,000.00 was observed to have been awarded to a company for the training of officers of Salaries Section and for installation of Accounting software in the Ministry, without preparation of any formal contract document as required by Due Process. At the time of audit inspection, it could not be explained how ₦12,000,000.00 was arrived at as the unit cost implication of the Human Resources, Payroll, Accounting and training components were not quantified since there was no formal contract agreement. Audit investigation revealed that although payment was made to the contractor, no member of staff of Salaries

Section attended any training program and the computers said to have been installed did not exist. It was also gathered that the Permanent Secretary himself was reluctant to approve the payment as evidenced in his minute dated 4th January, 2007. Consequently, the expenditure of ₦12,000,000.00 incurred could not be said to be a proper and legitimate charge against public fund. The Permanent Secretary had been asked to recover the sum of ₦12,000,000.00 from the contractor immediately, and to forward particulars of recovery for audit verification.

FEDERAL MINISTRY OF TRANSPORTATION (RAIL SECTOR)

5.514(a) The contract for the Nigerian Railway Modernization Project, Phase 1, was awarded to an International Civil engineering Construction Corporation at Airport Road, Abuja. The project involves building passengers and freight combined transportation lines. The proposed railway line starts from Lagos and goes Northward. It crosses the Niger River, through Minna, Kaduna to Kano. The Federal Capital Territory, Abuja is linked with Minna and Kaduna.

(b) The project was scheduled to be completed in four (4) years at a total cost of US$8.3 billion. Following the formal signing of the contract agreement, an advance payment of US$250 million, (₦31,500,000.000) representing 3% of the contract sum was made to the contractor. Out of the USD250 million, US$75 million (Equivalent of ₦9,450,000,000.00 at the exchange rate of ₦126 = $1) was paid as per payment voucher and cheque dated 28th February, 2007, on the receipt of the advance payment guarantee number, APG/FCTNC/738/12/2006 from a commercial bank in Nigeria.. The remaining sum of US$175 million was said to be transferred to the foreign account of the company. However, neither the voucher with which the payment was effected, nor the bank guarantee necessary to secure this percentage of the advance payment was produced for audit examination. Also the Federal Ministry of Finance's approval for the direct transfer of US$175 million to the company's foreign account was not produced for audit verification.

(c) Further scrutiny of the payment voucher and other relevant documents revealed that the mandatory 5% Value Added Tax (VAT) of ₦1,575,000,000.00 and Withholding Tax (WHT) of ₦1,575,000,000.00 respectively amounting to ₦3,150,000,000.00 on the entire advance payment were not deducted, thereby depriving the Federal Government the much needed statutory revenue. The Permanent Secretary had been informed of the various irregularities and was requested:-

(i) To recover a total sum of ₦3,150,000,000.00 from the Civil Engineering Construction Corporation for VAT and WHT not deducted, remit same to the Federal Inland Revenue Service, forwarding receipt particulars for audit verification.

(ii) To produce the authority and the payment voucher with which the transfer of the sum of US$175 million to the foreign account of the company was effected, to authenticate the payment;

(iii) To produce the Advance Payment Guarantee from a reputable bank forwarded by the International Corporation in respect of the advance payment of US$175 million, for audit verification.

(iv) To give account of the level of work completed with the money already paid.

5.515 Various sums of money amounting to ₦2,710,553.57 were mopped up from different sub-heads under the Recurrent Expenditure Vote of the Ministry in December, 2007 to pay the arrears of 15% salary increase and the refund of contributions to contributory Pension Scheme (CPS) to the staff of the Ministry. This is a clear case of virement for which approval should have been sought from the Federal Ministry of Finance and the National Assembly. The Permanent Secretary has been requested to produce the mandate to vire the amount of ₦2,710,553.57 for audit verification.

5.516 A personal advance of ₦8,250,000.00 was given to an officer on a payment voucher dated 14th December, 2006 for the monitoring of the budget and revenue of the Ministry. Audit examination of the retirement voucher dated 24th May, 2007 revealed that out of the personal advance, a sum of ₦4,518,000.00 was used to pay the Duty Tour Allowances (DTA) of the officers that carried out the exercise. However, the list of the officers and their entitlements were not attached to the voucher to authenticate the payment contrary to Financial Regulation No. 613. Also another sum of ₦1,060,000.00 tagged "supervision/co-ordination" could not be accounted for. In summary, a total sum of ₦5,578,000.00 was not accounted for by the Ministry. Ordinarily, one would have expected that the various officers who purportedly made the journeys were made to apply individually for the Duty Tour Allowances instead of a lump sum paid out to one officer. The Permanent Secretary had been informed of the various lapses and was asked to produce detailed account of the total sum of ₦5,578,000.00 for audit verification failing which the money should be recovered.

MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT

5.517 During the audit examination of the accounting and other records maintained at the Ministry of Women Affairs and Social Development, Abuja, it was observed

from the Vote Book maintained for the year under-review revealed that a total of ₦37,686,519.57 was vired from 16 recurrent expenditure subheads to another different subheads without authorization, contrary to Financial Regulation No. 412. The Permanent Secretary has been asked to provide explanation for the virement of fund without the authority of the Minister of Finance or the National Assembly.

5.518 Audit of Bank Reconciliation Statements showed that the amounts of ₦67,909,507.85, ₦161,541,055.88, ₦11,700,316.66 and ₦5,083,028.16 totalling ₦246,233,908.55 were reflected against 3 commercial banks as unpresented cheques some of which dated back to August, 2006. This would definitely give a false and misleading impression about the state of accounts. The Permanent Secretary has been asked to investigate the matter and to ensure that the discrepancies are rectified.

5.519 It was also noted that a total of ₦1,021,800.00 consisting of ₦83,000.00, ₦838,800.00 and ₦100,000.00 were debited twice in the Bank statement of the Ministry in January, 2007. These wrong debits should be investigated with a view to rectifying the anomalies in the Bank Account. The outcome of the investigation should be communicated to my Office for verification.

5.520 Moreover, it was observed that a cheque drawn in favour of a contractor for the sum of ₦100,000.00 was debited twice. This irregular debit was also made on 31st January, 2007. Efforts should be made to ensure that all the deficiencies are rectified and the amount overdebited is credited back to the account.

5.521 Furthermore, the Bank Statement revealed debit charges of Commission On Turnover (C.O.T) of ₦491,000.95 on 28/2/07 totalling ₦784,731.47 and ₦293,730.52 on 28/02/07 These are improper charges which should be refunded to the Ministry as Banks are not allowed to charge Cost of Turnover (C.O.T) on government accounts as required by Federal Treasury Circular No. A4/B4 of 26th June, 2001. The Permanent Secretary has been requested to recover the Bank charges from the Banks and notify my Office accordingly.

All the irregularities have been communicated to the Permanent Secretary for prompt action.

OFFICE OF THE SURVEYOR-GENERAL OF THE FEDERATION

5.522 It was observed during the audit examination of the accounting and other records maintained in the Office of the Surveyor-General of the Federation that three contracts valued ₦20,273,220.00 (Twenty million, two hundred and seventy three thousand, two hundred and twenty naira) were awarded and paid for training members of staff of the office in December 2007. The relevant payment vouchers

were not supported by the following documents to authenticate the payments, contrary to Financial Regulation No. 603:-

(a) the list of the participants;
(b) proof of attendance by the participants;
(c) breakdown of the training cost per participants;
(d) duration and venue of the training programme

The Surveyor-General has been requested to make available the various documents to authenticate the payments.

5.523 Technical Equipments valued at ₦398,545,007.50 (Three hundred and ninety eight million, five hundred and forty five thousand, seven naira, fifty kobo) were purchased from 2007 Capital Expenditure Vote but were not recorded in the Plant Ledger, as required by Financial Regulation No. 2610.

5.524 Various payment vouchers prepared in December 2007 for Withholding taxes amounting to ₦278,482,657.21 (Two hundred and seventy eight million, four hundred and eighty two thousand, six hundred and fifty seven naira, twenty one kobo) were not made available for audit verification neither were receipts from Federal Inland Revenue Service presented to authenticate the payments. The same thing applies to Value Added Tax of ₦101,228,214.34 (One hundred and one million, two hundred and twenty eight thousand, two hundred and fourteen naira, thirty four kobo) deducted for the same period. This is contrary to the provisions of the Financial Regulation No. 334 and VAT Act No. 102 of 1993. The Surveyor-General has been requested to produce the relevant payment vouchers for the taxes and receipts obtained from Federal Inland Revenue Service for audit verification.

All the issues raised above have been conveyed to the Surveyor-General for prompt action.

SECTION 6

PERFORMANCE (VALUE FOR MONEY) AUDIT

6.0 PERFORMANCE (VALUE-FOR-MONEY) AUDIT:

FEDERAL MINISTRY OF WATER RESOURCES
RIVER BASIN DEVELOPMENT AUTHORITIES

6.1 The following irregularities were observed during the examination of accounting and other records maintained by the Federal Ministry of Water Resources:-

(a) The Jada Multipurpose project in Adamawa State involved the rehabilitation of the Jada Multipurpose Dam and Water Supply Scheme and construction of storage dam power house. The contract for this project was awarded to a company at ₦3,784,316,686.00 in January, 2002. For 25% mobilization fee payment, the contractor submitted an advance payment guarantee of a commercial bank for ₦946,079,171.75. The bank guarantee specifically stipulates that the "amount paid shall take effect from the date of payment into the contractor's Account with the Kaduna Main Branch and shall remain valid for 12 months. Consequently, the Federal Ministry of Water Resources paid ₦850 million to the contractor, being 22.5% of the contract sum on 26/3/2003 through CBN cheque number 012604 of 23/3/03 as part payment of the mobilization fee.

(b) On April 20, 2004, the bank wrote the Ministry concerning the expiration of the Advance Payment Guarantee (APG) in its books on 31/3/04, claiming it did not receive the sum of ₦946,079,171.75 to activate the Advance Payment Guarantee and therefore regretted its inability to extend the Advance Payment Guarantee. On 18/5/04 the Federal Ministry of Water Resources (FMWR) wrote the bank to confirm the payment of ₦850 million made to the company as part payment for the Advance Payment Guarantee. On June 14, 2004, the bank replied that it was unaware of such payment but stated however that its branch advised a lodgment of ₦850 million to its (Headquarter) by the company into its account which had since been withdrawn. The bank did not state which of its branches this lodgment was made.

(c) The contractor, was duly informed by the Federal Ministry of Water Resources of the development, requesting it to revalidate its Advance Payment Guarantee or refund the ₦850 million to the Federal Government of Nigeria. The contractor did not comply with this request but rather requested for the payment of ₦96,076,171.75, being the difference between ₦946,076,171.75, and ₦850 million. This was not paid to him. In August 2004, the contractor stopped work due to industrial action of its staff.

(d) Work executed to date by the contractor amounted to ₦123,500,000.00, representing 3.26% level of completion (while the cost of materials at site was put at ₦125,000,000.00). The problem was brought to the notice of the former President who asked the Minister to state what could be recovered from the contractor.

Consequently, the contract was re-awarded to another company at ₦5,380,733,284.74 in year 2006.

(e) Audit visit to the site of the project revealed the following anomalies:-

(i) Less than four per cent (4%) of the contract was executed;
(ii) Some machines were impounded by the Ministry at the site valued ₦125 million;
(iii) Value was not derived from the expenditure on the project;
(iv) The Ministry did not obtain a proper guarantee for the payment of ₦850 million, as the bank claimed that its guarantee was for ₦946,076,171.75 and not ₦850 million, thereby denying liability;
(v) The Ministry was negligent by not properly ascertaining the correct branch of the bank into which the sum of ₦850 million was allegedly deposited along with Advance Payment Guarantee (APG) by the contractor.
(vi) The contractor who confirmed in writing that he has withdrawn the sum of ₦850 million from the bank (without stating the branch) meant that the money was not deposited along with APG in the first instance, into the appropriate bank branch. There was thus a fraudulent intention on the part of the company to dupe the Federal Government of Nigeria.

(f) The Permanent Secretary has been asked to explain these anomalies and to recover the sum of ₦726.5 million, being the difference between ₦850 million paid to the contractor and ₦123.5million being value of work carried out to date on the project, furnishing this office with details for audit verification.

6.2(a) In 1981, the Federal Government of Nigeria established two irrigation training schools at Hedejia, Jigawa State and Abeokuta, Ogun State under the Hadejia-Jama'are and Ogun-Osun Basins Development Authority respectively. The purpose was to develop middle level manpower in the field of irrigation and general agriculture. The Jigawa State Government wrote the Federal Ministry of Agriculture and Water Resources through the Hadejia-Jama'are Basin Authority for the school of irrigation to be released to it to form part of Jigawa State Polytechnic then newly established in 1992. The Board of Directors of the Basin Authority deliberated on the issue and advised the Ministry to release the school at a token sum of ₦5 million, being one third (1/3) of the then cost of the property to enable the Authority establish alternative training facilities at its Headquarters. Contrary to the Board's recommendation, the school was handed over to Jigawa state government at no cost at all.

(b) Audit visit to the site, revealed that prior to the release of the school at no cost to the State government, additional facilities like connection to national grid by NEPA, functional borehole; Junior and senior staff quarters, hostels, laboratories, administrative office blocks etc increased the value of school to ₦1.2 billion. Apart from releasing the school at no cost contrary to the recommendations of the Board

of Directors, the formal approval of the Federal Executive Council (FEC) was not obtained before the release of the school.

(c) The Permanent Secretary has been informed of these irregularities and was requested to explain why the approval of the FEC was not obtained before the school was released to Jigawa State Government. He was also asked to recover from the State Government, the sum of ₦400,000,000.00 being one third (1/3) of the value of the property prior to the transfer, forwarding recovery particulars for audit verification.

UPPER BENUE RIVER BASIN DEVELOPMENT AUTHORITY YOLA

6.3. Audit examination of accounting and other records maintained for project executed by the Upper Benue River Basin Development Authority, Yola, Adamawa State revealed that files which contain information and records about various contracts awarded by the Authority were alleged to have been destroyed by a fire incident that broke out in the office. However, the Authority could not produce any evidence that the fire incidence has been formally reported to my Office as required by the provision of Financial Regulations. Also, no police Report has been issued on the fire incidence. The matter has been taken up with the Managing Director of the Authority.

6.4 The Authority deducted only 5% instead of 10% on contracts awarded on consultancy jobs as the Withholding Taxes for amounts totalling ₦3,270,315.05. There was thus an underpayment of ₦3,270,315.05 which should be recovered from the affected contractors and remitted to the Federal Inland Revenue Service in accordance with VAT Act No. 102 of 1993 and Financial Regulation No. 334. The Managing Director has been asked to recover the sum of ₦3,370,315.05, remit to FIRS, and forward payment particulars for audit verification.

6.5 A contract for the rehabilitation of water treatment plant at Gassol, Taraba state was awarded to a company at a cost of ₦3,881,833.10. A visit to site revealed the following anomalies:-

(i) the job was not completed by contractor.
(ii) repair of treatment generator and pump as stated in the Priced Bill of Quantities for ₦1,929,000.00 was not carried out.
(iii) Fill, compact with laterite erosion damaged frontage as stated in the PBQ for ₦335,835.00 was not executed.
(iv) Prepare and level treatment to be filled with river sand as stated in the PBQ for ₦187,500.00 was only 50% executed.

The attention of the Managing Director has been invited to the various irregularities and he was asked to recall the contractor to site either to complete the project or

recover the total sum of ₦2,452,335.00 for job not executed, forwarding recovery particulars for audit verification.

6.6 Eleven (11) Authority to Incur Expenditure (A.I.E's) confirmed sent by the Federal Ministry of Water Resources to the Authority for amounts totalling ₦348,294,649.00 could not be traced to the Authority's Central Bank statement, Yola as having been received by the Authority and paid to various contractors. The attention of the Managing Director has been drawn to this anomaly.

6.7 The Kumo Water supply project contract valued at ₦98,489,950.61 awarded to a company had one of its components as item G1; Extension of existing GSWC ground tank from $100m^3$ to $150m^{3.}$ This component valued at ₦2.5 million when compared with other available tank sizes, was discovered not to have been executed. The Managing Director was therefore requested to recover the sum of ₦2.5 million from the contractor and forward evidence of recovery for audit verification.

6.8(a) A Central Bank Cheque No. 00015012 for ₦54,547,102.13 being payment due to contractors as contained in due process certificate no. 2519/S.24/Vol.x/500 was sent to the Authority by the Federal Ministry of Water Resources through letter No. MWR/CPO/DFA/35/Vol.1 of 17/01/06. But on 30/01/2006, the cheque was returned with the reason "AGF's clearance required". This cheque was later cancelled and replaced with cheque No. 00015085 of 8/2/2006.

(b) Audit investigation revealed that the transaction did not reflect in the Authority's Central Bank Statement despite Federal Government circular that all capital accounts of Ministries, Parastatals and government agencies be maintained with the CBN. Efforts to trace the commercial bank where this cheque was cleared into proved abortive. The Managing Director has been requested to state the commercial bank where the money was cleared into and details of how the money was expended including production of relevant payment vouchers, photocopies of cheques or cheque stubs, bank statements etc. for audit verification.

6.9 The contract for the construction of drainage along Gassol Road, Taraba State was awarded to a company at a contract sum of ₦16,261,474.07. On a payment voucher of 3/02/04, the sum of ₦5,426,169.05 was paid to the company as full payment for the contract. Audit physical inspection of the project site revealed that no drainage was constructed along the Gassol Road. When the matter was brought to the notice of the Management of the Authority, the Executive Director (Operations) claimed that the drainage was washed away by rain. Audit investigation, however, confirmed that there was no sign of erosion along the Gassol Road and construction of the said drainage was never implemented. Therefore, the sum of ₦16,261,474.07 was paid to the company for services that were not

rendered. The attention of the Managing Director has been drawn to the anomaly for his comments.

6.10(a) The contract for the construction of solar powered motorized borehole was awarded to a specialized borehole construction company. On a payment voucher dated 19/2/04, the sum of ₦3,500,000.00 was paid to this company through a cheque dated 19/02/04 with a narration "being advance payment for the construction of motorized borehole through agreement S/RIV/96/S.58/1/80". This agreement was neither attached nor any other document attached to the payment voucher, contrary to Financial Regulation No. 603. There was no acknowledgement by way of official receipt except a letter headed paper purporting the confirmation of the receipt as follows:

		₦
(i)	Completion of 2 Nos Tanks	1,000,000.00
(ii)	Supply & Installation of Generator	2,500,000.00
	TOTAL	**3,500,000.00**

(b) Earlier, two contracts have already been awarded to the same company as follows:-

Construction of motorized borehole at Filiya, Gombe State; and
Construction of motorized borehole at Kaltungo, Gombe State.

The Priced Bill of Quantities (PBQ) of these two contracts contain the following provisions:

(i) Filiya in Gombe State;

► Supply and installation of 27KVA lister or perking generator with all necessary accessories at the rate of ₦2,500,000.00; and

► Supply and fix 45m^3 corrugated steel tank using 5mm thick plates for the roof with 500mm x 500mm manhole costing ₦529,100.00

(ii) Kaltungo, Gombe State:-

► Supply and fix 45m^3 corrugated steel tank using 5mm thick plates for the roof with 500mm x 500mm at the rate of ₦529,100.00; and

► Using low tension connecting the boreholes with concrete poles at the rate of ₦448,000.00.

(c) Audit investigation revealed that a provision had been made for the tank and Generator in the Bill of Quantities and the Federal Ministry of Water Resources had already paid for these items. Therefore there

was no need using a different payment voucher to pay the sum of ₦3,500,000 which would amount to double payment. The attention of the Managing Director has been invited to the anomalies and has been requested to recover the sum of ₦3,500,000.00 from the contractor, forwarding, recovery particulars for audit verification.

6.11 The contract for the water supply project at Guda, Akko LGA was awarded to a company on the 13th November, 2001 at a contract sum of ₦7,173,243.00 of which the retention fee was paid in 2004 through a payment voucher for ₦329,940.00. A compilation of total payments made to the contractor including sundries amounted to ₦8,784,166.63 to the contractor. The difference between this amount and the contract sum resulted to an overpayment of ₦1,610,923.63 to the contractor. The Managing Director was informed of this overpayment and was advised to recover this amount from the contractor and the officer who approved the payment, forwarding recovery particulars for audit verification.

6.12 In 2002, the sum of ₦50 million was released to the Authority by the Federal Ministry of Water Resources for which the Ministry in its letter FMW R/PS/CEN COR/11/160 of 22/9/05 requested the Authority to give details of the disbursement and use of the fund and the Authority complied.

(a) Audit examination of the records of disbursement, revealed the following anomalies:-

(i) The Authority did not pay the ₦50 million into its CBN capital expenditure account as required by government circular;
(ii) The money was paid into a commercial bank to assist in the clearance of the cheques;
(iii) Despite audit investigation, the Authority did not disclose the name of the bank that was used for the clearance of the cheque;
(iv) The payment vouchers used for the disbursement were not made available to the Auditors, on request; and
(v) The priced bills of quantities for the jobs were also not produced for audit scrutiny.

(b) Audit visit to site also revealed the following irregularities:-

(vi) The fencing of the central stores and renovation of workshop at Headquarters for a contract sum of ₦12,221,051.67 by a company was not carried out;
(vii) The contracts for the sum of ₦8,451,776.00 was split and awarded to (5) five contractors, contrary to Financial Regulation No. 2928.
(viii) Purchases totalling ₦5,498,986.50 made by a company in West Africa, purchase of India Mark III hand pumps for ₦3,482,986.50 and another supply of 2” & 3” irrigation pumps for ₦2,016,000.00 were not received

into store as the items were not traced in the Store Receipt Vouchers and in any other store document, contrary to Financial Regulation No. 2206.

(c) The Managing Director was requested to produce the bank statement into which the money was first lodged and from which payments were made to the contractors concerned, or in the alternative pay back to chest the ₦50 million forwarding receipt particulars for audit verification. All the irregularities raised above have been communicated to the Managing Director for prompt action.

LOWER NIGER BASIN DEVELOPMENT AUTHORITY, ILORIN

6.13 At the Lower Niger Basin Development Authority, Ilorin, Kwara State it was observed that twelve (12) vehicles were auctioned for ₦594,674.26 as part of monetization policy and the proceeds diverted to an unknown account contrary to Financial Regulations which stipulate that "the proceeds (net) from sale of government property should be paid to the nearest Sub-treasury Office for which Treasury Receipt is issued after proper classification to appropriate sub-head". When the Authority was informed of this infraction of the provisions, the response was that there is an internal government circular that permitted their spending of such money but this circular was not produced for audit verification. The Managing Director was requested to pay ₦594,674.26 to the Sub-treasury and forward a copy of the receipt to my office for audit verification.

6.14 Some items of furniture were disposed of, to (two) 2 former management staff of the Authority for ₦144,950.68 and ₦189,536.53 respectively, totalling ₦334,487.21. These sales proceeds were from sale of government property and should have been paid to chest promptly. This issue was brought to the attention of the Managing Director and he was asked to pay the sum of ₦334,487.21 to chest, forwarding receipt particulars for audit verification.

6.15 Some items ranging from slashes, tractors, sprayers etc, valued at ₦3,153,200.00 were auctioned by the Authority without the formal approval of the Honourable Minister and strict adherence to government rules and regulations. The Managing Director has been requested to refund the sales proceeds of ₦3,153,200.00 to the Federal Government forwarding receipt particulars for audit verification.

6.16 Some non-water assets were advertised for disposal under Technical Committee on Privatization and Commercialization now (BPE). These items include Integrated poultry scheme, Jebba Road, Ilorin ₦ 6,830,000, Ihale irrigation scheme, Kogi State ₦390,000, Abuja scheme, ₦480,000.00, Aiyetoro Gbede scheme, ₦2,700,000.00, Takete Idde cattle ranch, ₦12,390,000, totalling ₦22,790,000.00. The Managing Director has been requested to confirm if the assets have been

disposed off, quoting particulars of payment of the proceeds to chest for audit verification.

6.17 The Authority received from the Federal Ministry of Water Resources the sum of ₦78,277,802.50 through AIE/MWR/207/2004 for the development of some motorized boreholes. This money which was actually confirmed received by the Authority could not be traced to the relevant CBN statement at Ilorin. Every effort to trace the whereabout of this money proved abortive. The attention of the Managing Director has been drawn to the discrepancy and he was asked to:-

(i) Explain why the money meant for capital projects was not paid into the CBN account as required by extant regulations;

(ii) State the financial authority for diversion of capital fund to private accounts.

6.18 The contract for the drilling of 5 units of productive boreholes was awarded to a company at ₦3,508,750.00 in October, 2004. The contractor was paid in November, 2004, 25% mobilization fee of ₦877,187.50 on a payment voucher dated 10/11/04. The contractor later submitted a report that it had completed the drilling of the (five) 5 No boreholes. On joint inspection of the project, a contradictory report emerged from the Authority that the boreholes were not functional. The contractor admitted his fault but declared its readiness to rectify the problems identified at Lafiagi, Tsaragi, Mayara, and Pututa but demanded payment for Omu Aran which was properly executed. Having collected ₦877,187.50 which was in excess of the cost of one borehole, the contractor agreed to refund to the government the sum of ₦93,859.06. The issues about the boreholes were not resolved as the Authority was advised to opt for motorized schemes that would require the drilling of new boreholes. Audit visit to site revealed that the Authority has not recovered from the contractor the sum of ₦93,859.06 it promised to refund to the Federal Government;

The Managing Director has been informed of the anomaly and he was asked to ensure that the sum of ₦2,631,562.50 (₦3,508,750.00 contract sum less ₦877,187.50 mobilization fee payment) is accounted for or paid back to the Federal Government, quoting recovery particulars for audit verification.

6.19 The contract for Ogwashi-Uku Water Project, Delta State which was awarded to a company at ₦45,345,000.00 and later reviewed upwards to ₦71,840,000.00 consists of the drilling of 5 boreholes, overhead pressed steel tanks, standby generators and submersible pumps each at Isah Road, Ikelike, Nnabuwa, Ebitch and Ase primary schools. All the above items were reportedly carried out but audit visit to the sites revealed that at Nnabuwa primary school, there was no generator sighted in the generator house. The generator is valued at ₦1,556,000.00 including installation costs. Since the project has not been handed over to the community and there is no official report from the contractor declaring that the generator was stolen, it was believed that the generator was never supplied in the first instance. The Managing Director was requested to explain why the generator was not supplied and

recover from the contractor the sum of ₦1,556,000.00, quoting recovery particulars for audit verification.

6.20 Furthermore, audit investigation revealed that a 25KVA generator installed at Isah Primary School was stolen due to inadequate security over the property. The project was not yet handed over to the beneficiary community before the incident. Consequently, value has not been derived from the project. The replacement cost of the generator was estimated at ₦1,430,000.00. This negligence that resulted in loss of government property by not providing security to the generator and the need to replace the generator so that the community can benefit from the project were brought to the attention of the Managing Director for his comments.

6.21 The Authority charged five per cent (5%) instead of 10 per cent as Withholding Tax on contracts of consultancy for projects contrary to Guidelines on Collection procedure of Withholding Tax and Value Added Tax by Ministries, Parastatals and other Agencies, as provided by VAT Act No. 102, 1993 and Financial Regulation No. 314. The implication of this was an under-deduction of ₦3,336,859.62 from various contracts of consultancy. This issue has been made known to the Managing Director and he was requested to recover the sum of ₦3,336,859.02 from the contractor and pay over to the FIRS, quoting details for audit verification.

6.22 The contract for the drilling of boreholes, construction of overhead tanks reticulations and switch houses at Lamodi Road, and Railway quarters, Ofa, Kwara state awarded to various contractors at ₦4,210,500.00 was completed. However, the boreholes were later found to be dysfunctional. Therefore, the purpose for which the projects were executed was not being realized. This situation of failed contract was made known to the Managing Director for his comments.

ANAMBRA-IMO RIVER BASIN DEVELOPMENT AUTHORITY, OWERRI

6.23 The Federal Ministry of Water Resources through the understated Authority to Incur Expenditure (AIE) and payment vouchers, sent a total sum of ₦124,728,084.23 to the Anambra-Imo River Basin development Authority, Owerri for some capital projects:-

(i) An AIE and a payment voucher dated 16/12/06 for ₦81,378,159.56 to pay a company. and 11 others;
(ii) An AIE and a payment voucher dated 11/12/05 for ₦35,487,375.67 to settle various contractors for projects executed; and
(iii) An AIE and a payment voucher of 19/2/06 for ₦7,862,549.00 to pay contractors for projects:-

Audit examination of the capital expenditure account books in the Authority revealed that the sum of ₦124,728,084.20 was not lodged in the Authority's CBN statement of account after the Authority had collected the money from the Ministry in keeping with the government regulation that all money meant for capital expenditure should be credited in the CBN account. The Authority was therefore requested to state which account the money was lodged into, the projects for which the money was utilized or locate the where-about of the money. The Managing Director has been informed of the irregularity for his comments.

6.24 The contract for the rehabilitation of Amaeke-Ezza Water supply in Ebonyi State was awarded to a company at a contract sum of ₦45,677,879.00. On physical inspection of the project site by the project monitoring and evaluation Audit Team, it was observed that the sum of ₦3,981,300.00 in the priced bill of quantities ought to be used in constructing a generator house but no new generator house was constructed. The Managing Director was therefore requested to explain what the money was utilized for.

6.25 The following four 4 allocations received in the capital expenditure vote book of the Authority in year 2006 were yet to be utilized for the projects they were meant for as at the time of audit visit in March, 2008:-

		₦ : ₭
i.	Ahiazu water supply project	2,341,834.75
ii.	Aboh Arunta Mbutu Water Supply	5,058,395.00
iii.	Obibi Nguru Nweafor Water Supply	5,541,877.10
iv.	Awo-Idemili Water Supply Project	6,688,342.50
		₦19,630,449.35

The Managing Director has been requested to explain why the projects were not executed and why the funds provided were still outstanding in the books at the time of audit inspection.

6.26 The following contracts despite payment of mobilization fees of 25% to the contractors for their execution were still found unexecuted:-

i. A contractor who was awarded a contract for a complete borehole at Isu Nwangele for ₦16,797,164.00 was paid ₦4,199,276.00;

ii. Another contractor who was awarded a contract for a complete borehole at Umueshi Ideato South, at a contract sum of ₦14,701,498.00 was paid ₦3,675,374.00; and

iii. Also, a contract for complete borehole at Isiokpo Ideato at a contract sum of ₦14,396,546.00 was awarded at the cost of ₦3,599,136.50.

The Managing Director has been informed of the irregularities and he was requested to explain why the contractors have not mobilized to sites after collecting mobilization fee totalling ₦11,473,786.50 for the contracts.

HADEJIA JAMA'ARE BASIN DEVELOPMENT AUTHORITY, KANO

6.27 At Hadejia Jama'are Basin Development Authority, Kano, Kano State it was observed that four (4) companies tendered for the contract for the construction of frontage wall of the Headquarters building of Hadejia Jama'are Basin Development Authority. The lowest bidder of ₦5,872,900.00 was duly recommended for the contract. However, the contract was eventually awarded to another company which made a bid of ₦11,481,758.06. Resident due process certificate no. 2519/S.24/Vol.x/041 of 29/3/05 showed the payment for this contract to the company at ₦5,887,155.00. Therefore, the contract was not executed at the most competitive cost in line with the rules of procurement and award of contracts. The manipulations on this contract award and contraventions of the contract award rules gave rise to a difference of ₦5,608,858.06. The irregularity has been drawn to the attention of the Managing Director for comment.

6.28 The contract for desilting of Kano River Irrigation Project (Lot B) was awarded to a company at ₦426,310,500.00 plus an additional work valued at ₦31,007,417.10. However, total payment to the contractor at the time of the project audit was ₦437,017,417.10 while Value Added Tax (VAT) and Withholding Tax (WHT) deducted by the Authority was ₦31,173,796.31 instead of ₦43,701,741.71. As a result, the Authority under-deducted the 2 (two) mandatory taxes by ₦12,527,945.40, thereby denying the Federal Government the much needed revenue. The Managing Director was requested to recover the under-deduction of ₦12,527,945.40 from the contractor and forward evidence of the recovery for audit verification.

6.29 Audit examination of the Capital Expenditure Vote Book of the Authority, revealed that for Itas Gadan Dam project, there was a first quarter release of ₦2,500,000.00 in 2004, out of which ₦450,000.00 was paid to a contractor through a payment voucher, leaving a balance of ₦2,050,000.00. This balance was neither carried forward nor was there any explanation offered as to how it was spent. The Managing Director has been informed of the irregularity and he was asked to comment.

6.30 The Authority received two Due Process releases of ₦4,584,222.03 on 2nd April, 2006 and ₦13,752,666.09 on 6th August, 2006 for drilling and equipping of two motorized boreholes at Yakassai and Chedi, respectively to pay a contractor. As at the time of project audit visit seven months later from the last release, no payment was made to the company and no work had commenced on the projects. The Managing Director was requested to explain how two releases were made on Due

Process certificates and there was no performance on the projects. All the issues raised above have been communicated to the Managing Director for prompt action.

UPPER NIGER BASIN DEVELOPMENT AUTHORITY, MINNA, NIGER STATE

6.31 At the Upper Niger Basin Development Authority, Minna, it was observed that a Toyota 30 land cruiser with registration number FG 141 A25 with chassis number FJ62118303 attached to the drilling unit of the Authority was not seen on physical inspection of capital expenditure purchases made. On enquiry, the vehicle was said to have been seized but the details of the seizure was not furnished for audit consideration. The Managing Director has been informed of the matter for his comments.

6.32 A Toyota Hilux 2-WD with Engine No. 6075453 and Chassis No. 09500009 purchased at ₦4.3 million on 12/04/06 and formerly used by the Executive Director (Operations) was not seen during audit physical inspection of capital purchases. On investigation, the vehicle was said to have been stolen. However, the Authority did not report the loss in accordance with the provision of the Financial Regulation No. 3404 – 3409 to my office. The irregularity was conveyed to the Managing Director for his comments.

6.33 The project records in the Authority showed that for all consultancy contracts entered into between the Authority and consultants, the Authority charged only 5 per cent Withholding Tax on such contracts instead of 10 per cent as required by guidelines on collection procedure for Withholding Tax and Value Added Tax by Ministries, Parastatals and other government agencies. As a result of this contravention, the Authority under-deducted the Withholding Tax in year 2005 to the tune of ₦1,451,184.61, thereby depriving the Federal Government of Nigeria of the much need revenue. The Managing Director was requested to recover from the various contractors concerned, the sum of ₦1,451,184.61 and forward evidence of the recovery for audit verification. .

All the issues raised have been communicated to the Managing Director for prompt action.

CROSS RIVER BASIN DEVELOPMENT AUTHORITY, CALABAR

6.34. At the Cross River Basin Development Authority, Calabar, Cross River State, it was noted that thirty-six (36) vehicles were auctioned at a total sum of ₦1,286,000.00 under the monetization policy. The sales proceeds were not paid into government treasury in accordance with Financial Regulations. On request for explanation, the Authority stated that the Act that established it, empowered it to

utilize sales proceeds from sale of government property but audit investigation revealed that the Act did not make such provision. The Managing Director was therefore requested to pay to the treasury the sum of ₦1,286,000.00 and forward a copy of the treasury receipt to my Office for audit verification.

6.35 The contract for Agriculture land clearing at Ijegu, Yola Dam/Irrigation project, Cross River State was awarded to a company on the 30th October, 2006 at ₦11,602,500.00 and was ceded to another company for ₦6,888,000.00 which was an evidence of sublet of contract, contrary to Financial Regulations which states that "contracts once entered into may not be assigned or sublet and their conditions may not be varied except on the authority of the tenders board concerned". For this contract, there was no evidence in the contract file to show that the Tender Board's approval was obtained before the sublet of this contract. The Managing Director was informed of the anomaly for his comments.

6.36 Contract for the construction of intake structures at Obudu irrigation project was awarded to a company at ₦16,727,792.50 on 30th October 2006. Despite the fact that the contractor has been paid ₦7,944,272.76 to date, no work has commenced at the site as confirmed by audit physical inspection of the site except the supply of Toyota Hilux 4-WD . The Managing Director has been requested to explain why the contractor had not mobilized to site despite payment of ₦7,944,272.70 and asked for his comments.

6.37 The contract for the clearing of agricultural land at Obudu irrigation project was awarded to a company at ₦17,986,500.00 on 30th October, 2006. The contract was said to have been completely executed for which full payment was made. However, on physical audit inspection of the project site, the project monitoring team observed that for item 3 on the bill of quantities, there were still standing trees, shrubs and undergrowths which ought to have been removed at a cost of ₦400,000.00 per hectare for 30 hectares at ₦12 million. Thus, it was found that work was not carried out at all despite the payment made. Furthermore, the land said to have been cleared was not put to use by way of farming to justify the huge cost involved. The anomaly has been reported to the Managing Director for his comments.

NIGER DELTA RIVER BASIN DEVELOPMENT AUTHORITY, PORT-HARCOURT

6.38 At the Niger Delta River Basin Development Authority, Port Harcourt, Rivers State, it was noted that a consultancy contract for the supervision and design of Ahoada Water supply project was awarded to a company at a contract sum of ₦14 million. In deducting the Withholding Tax on the payment for this project, the authority applied only five percent (5%) rate on the contract sum instead of the required 10 per cent thereby giving rise to an under-deduction on the contract

payments and eventual under-remittance of ₦700,000.00 to the Federal Inland Revenue Service, contrary to VAT Act No. 102, of 1993 and Financial Regulation No. 314. This discrepancy has been brought to the notice of the General Manager of the Authority for the recovery of this amount from the contractor, and was asked to furnish recovery particulars for audit verification.

6.39 Contract for the design of Eneka Road, a project which is a consultancy contract was awarded to a company at a contract sum of ₦8.1 million. On deduction and remittance of Withholding Tax to the tax authority, the Federal Inland Revenue Service, the Basin Development Authority deducted only five percent instead of 10 per cent on the contract sum thereby under-remitting the Withholding Tax to the tune of ₦405,000.00. The Managing Director has been requested to recover the amount from the contractor and remit same to the Federal Inland Revenue Services, quoting payment particulars for audit verification.

6.40 The contract for the extension of water distribution network of Agbeta (Ogbo) water project was awarded to a company at a contract sum of ₦5,000,000.00. Payments totalling ₦8,750,000.00 were made to the contractor by the Basin Development Authority. Therefore, the contractor was overpaid by ₦3,750,000.00. This issue has been made known to the Managing Director of the Basin Development Authority for comments and eventual recovery of the overpayment from the contractor, forwarding recovery particulars for audit verification.

SOKOTO RIMA BASIN DEVELOPMENT AUTHORITY, SOKOTO

6.41 It was noted from the records of projects in the Sokoto Rima Basin Development Authority that the Authority, in year 2005, received capital releases totalling ₦10,438,081.00 made up of ₦3 million on a receipt voucher meant for commissioning of Falalia Irrigation Scheme and ₦7,438,081.00 on another receipt voucher the money could not be traced in the Authority's Central Bank of Nigeria bank statement and the cash book for the year. The Managing Director was requested to produce evidence with which the fund were credited to the bank account and the purpose for which it was utilized.

6.42 The Authority received from Federal Ministry of Water Resources through AIE No. MWR/AIE/256/2004 of 19/12/04 and MWR/AIE/180/05 the sum of ₦50,717,642.59 and ₦4,147,215.41, respectively which could not be traced to the Authority's capital expenditure cash book. The monies were meant to pay various contractors for various contract liabilities on which Due Process Certificate No. 2519/S.24/Vol.II/04/610 was issued. There was nothing in the records to show that the money totalling ₦54,864,858.00 was spent on the purpose it was meant for, contrary to Financial Regulation No. 517. The Managing Director was requested to confirm the whereabout of the money, the bank where the money was lodged and its

bank statement, method of its disbursement and the acknowledgement of the beneficiaries in form of documentary evidence forwarded for audit verification.

6.43 The Federal Ministry of Water Resources through (six) 6 AIEs sent ₦8,422,500.00 to the Authority for the rehabilitation of different small earth dams in years 2004 and 2005. The AIEs are MWR/AIE/146/2004 of 12/8/04 for five different amounts of ₦750,000, ₦750,000.00, ₦622,500.00, ₦3,500,000.00, ₦1,050,000.00 and MWR/AIE/009/05 for ₦1,750,000.00. However, the money could neither be traced in the Authority's Central Bank statement nor in the capital expenditure cash book. The Managing Director was requested to explain why the money was not properly accounted for in the account books and consequently produce evidence to show how the money was utilized by the Authority.

6.44 In a letter, Ref. No. SR/ADM/858/VOL.1/55 of 7/3/2000 from the Authority to the Minister, Federal Ministry of Water Resources, was a reference to a contract titled SR/POS/9/99 for the construction of MR/VIP phase 1 Falalia sector and interim payment certificate No. 3 on which ₦213,084,709.65 was recommended for approval for payment. Out of this amount is ₦43,853,185.00 for additional work paid on 10/7/2000. The records did not show any Ministerial Tenders Board approval for this additional work of ₦43,853,185.00 in accordance with rules of contract award. On physical inspection of the project site, the following anomalies were observed:-

i. The pedestrian crossing and parking space for villagers at head works site costing ₦12,930,803.00 was not carried out but was paid for;

ii. The sum of ₦18,520,393.00 was used to repair the Goronyo – Birnin main road without evidence of such repairs on ground;

iii. The 7km long access road to the Dam and head works of Falalia main canal was repaired at ₦9,488,280.00 which was just mere grading of the road; and

iv. In the formerly agreed revised contract sum of the project ₦208,602,819.00 had been earlier approved and paid for the roads and tracts of this project which covered observations (ii) and (iii) above.

The Managing Director was asked to explain why payment was made for services not rendered and to ensure the refund of ₦43,853,185.00 and appropriate disciplinary action meted in line with public service rules on the erring officer(s). Recovery particulars should be forwarded for audit verification.

NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY, ABUJA (NPHCDA)

6.45(a) The National Primary Health Care Development Agency was established in 1992 by the Federal Government of Nigeria with a view to providing technical

and material assistance to the Local Governments in the area of health facilities. The Agency was set up to carry out functions which include:-

(i) To mobilize resources both nationally and internationally for the Primary health Care programme.

(ii) To support the Health care policy of the grassroots as it relates to the development of Primary Health Care by reviewing the existing health policies.

(b) Audit scrutiny of the records maintained for contracts awarded for the programme revealed that seventeen contractors were awarded contracts and paid mobilization fees ranging between 15% and 30% between 2001 and 2005 totalling ₦39,811,969.57. These contractors failed to perform and the contracts were revoked and later re-awarded to another set of contractors that executed them. However, audit monitoring and evaluation team that visited the site in 2007 found that some of these contractors that opted for out of court settlement have again defaulted. Similarly, some of the contractors handling the renovation of existing health facilities awarded in December, 2006 nationwide have not yet performed as at the time of audit visit in November, 2007. Majority of them failed to execute the contracts according to the specification contained in the Priced Bill of Quantities.

(c) The irregularities have been communicated to the Permanent Secretary asking that:-

(i) Those contractors who defaulted in their out of court settlement should be compelled to complete their obligations and if they still failed to perform, the matter should be referred back to the court of law for enforcement.

(ii) Immediate step should be taken to compel all the contractors to execute the contracts awarded them according to specifications failing which they should refund the mobilization fees paid to them, forwarding recovery particulars for audit verification.

6.46 The contract for the construction and supply of Medical Equipment to Afugiri Primary Health Care (PHC) Centre in Umuoka Village in Umuahia North LGA of Abia State was awarded to a company for the sum of ₦8,787,748.20 on 20th December, 2006. The contractor was paid 25% mobilization fees of ₦2,296,937.50 on 16th February, 2007. Audit physical inspection visit made to the Centre in November, 2007 revealed that the contractor has not performed many months after collecting mobilization fees. The contractor should be asked to complete the job or the mobilization fee totalling ₦2,196,937.05 should be recovered, forwarding recovery particulars for audit verification.

6.47 During the audit inspection of the Medical Equipment supplied to Model PHC Centres in Edo and Delta States, it was observed that a company was awarded the contract to supply medical equipment worth ₦12,765,443.24 to the Centres. The equipments were fully paid for between March and April, 2007. However, audit scrutiny of the contractor's invoice NPHCDA Certification documents revealed that equipment worth ₦294,900.00 were not supplied to Ogodoburi Model PHC Centre of Bomadi LGA and Owan East LGA of Edo State. The Permanent Secretary has been informed of the anomalies and he was requested to recover the sum of ₦294,900.00 from the defaulting contractors and forward the recovery particulars to my Office for verification.

6.48 A contract for the supply of Medical equipment to Y/Debba, Jamari, Awak and Biri PHC Centres all in Gombe State was awarded in December, 2005 at a contract sum of ₦12,234,800.00 to a company. All the equipments have since been fully paid for. However, audit scrutiny of the Zonal Technical officer's report, the invoice and other documents relating to the contract revealed that items worth ₦1,113,200.00 paid for were not supplied by the contractor. The Permanent Secretary has been requested to recover this amount and forward evidence of recovery for audit verification.

6.49 A company was awarded the contract to supply Medical Equipment to a renovated Medical Health Centre at Ara-kale PHC and Oba-Akoko in Ondo State in September, 2006 at a contract sum of ₦7,828,291.00. The contract has been fully paid for. However, physical audit verification carried out at Oba-Akoko PHC Centre in November, 2007 revealed that bad and unsuitable items were supplied. For instance, all the tables, beds and spigna mometers among others are substandard. Audit investigation revealed that the system that allowed payment for the supplies of ₦3,914,145.55 worth of defective equipments before being detected needs to be re-examined by the Ministry. The Permanent Secretary has been requested to invite the contractor to replace all the substandard equipment or in the alternative refund the sum of ₦1,957,072.78 representing 50% of the cost of equipment supplied to Oba-Akoko that were observed to be defective, and to forward recovery particulars for audit verification.

6.50(a) A contract for the construction of Model Primary Health Centre at Daja in Niger State was awarded to a company in August, 2006 at a cost of ₦18,901,294.43. The contractor had been fully paid the total contract sum in May, 2007. The Centre was claimed to have been completed, handed over and commissioned for usage. However, physical audit inspection carried out at the Centre in October, 2007 revealed the following anomalies:-

(i) The rooms in the building were leaking due to poor roofing.
(ii) Burglary proof was not fixed on all the windows contrary to specification contained in the Priced bill of Quantity. This led to the Centre being burgled by thieves recently which led to the carting away of most of the equipments.

(iii) All other defects pointed out by the consultants and Zonal Technical Officers before and during the handing over were yet to be rectified.

(b) The attention of the Permanent Secretary has been drawn to the anomalies and he was asked to explain why the contract was certified for payment and eventually commissioned when burglary proof and other works valued over ₦2,000,000.00 were yet to be executed. The contractor should be asked to complete the job, failing which the sum of ₦2,000,000.00 should be refunded to government chest, forwarding recovery particulars for audit verification.

6.51(a) A contract for the supply of Medical Equipment to Tarua PHC Centre in Maridawa LGA of Kastina State was awarded to a company for the sum of ₦8,936,359.68 on 20th December, 2006. The contract had been fully paid for. However, audit visit in October and November, 2007 and the submission of the Centre's matron revealed that majority of the equipment/items supplied were not working. Below are a few of such equipment/items:

(i) Out of 5 standing fans supplied only one had engine (Lead) and all were sorex instead of KDK as specified in the Priced Bill of Quantity.

(ii) Only 2 drawer filing cabinets were supplied out of 5 stated in the Priced Bill of Quantity.

(iii) All the kerosene stoves and pressure lambs supplied were not functioning.

(iv) 8 out of 9 sphygmnometers supplied were not working.

(b) Similarly, the same thing happened to the items supplied at Yandoma, Masari and Kafiru PHCS, all in Kastina State as well as Sabon-daga PHC in Bosso Local Government of Niger State. The Permanent Secretary has been asked to ensure that the contractors supply/replace these items or refund the sum of ₦8,936,359.68 paid for the contract. Recovery particulars should be forwarded for audit verification.

6.52 The contract for the construction of PHC Centre at Ndi Owrrie in Orlu LGA of Imo State (Amaufeke Village) was awarded to a company for the sum of ₦17,035,909.09 on 27th January, 2005. The contractor claimed to have completed the work and was fully paid on CBN cheque Nos. 5332, 5862 and 6633 of 2005 and 2006. However, the following anomalies were observed during the physical audit inspection at the project site in October, 2007:-

(i) Receptionist/nurses counter in OPD was not built.
(ii) Food demonstration (Kitchen) table was not built

(iii) Most doors and door locks and handles were broken
(iv) Roof/ceiling were leaking in many places e.g. laboratory unit.
(v) Labour room, toilet was not fitted by the contractor
(vi) No security light mounted around the wall fence, except 2 (Nos.) only on the entrance gate.
(vii) Electrical fittings and installation were not completed.
(viii) Nurses call switch (bells) were not provided
(ix) No Ariston water Heater was provided
(x) No single ceiling fan was provided and installed by the contractor

The Permanent Secretary has been advised to recall the contractor and the consultant to rectify the defects and install facilities that were contained in the Priced Bill of Quantity (BOQ) but not provided, failing which the sum of ₦2,800,000.00 should be recovered from the contractor or the officers that certified the job, forwarding recovery particulars for audit verification.

6.53 The contract for the construction of PHC Centre in Umuelunoke in Okigwe LGA of Imo State was awarded to a company at a total contract sum of ₦19,286,527.50. The total contract sum has been fully paid in May, 2007 on CBN cheque Nos 5775, 6240 and 126662.

However, in October, 2007 when the audit team visited the Health Centre, the following defects were observed:-

(i) Inferior ceiling (Cardboard) boards were used most of which had broken.
(ii) Leaking roof/ceiling in OPD, female and male wards was noticed.
(iii) The foundation was poorly done as water entered the building through the slopping gate and the main door to the OPD.
(iv) Land scaping was poorly done as water entered the building through the slopping gate and the main door to the OPD
(v) All doors were of poor quality plywood as most of them had broken and wood warms were eating and destroying them at a high rate.
(vi) Tiles were not put on top of the OPD Receptionist/Nurses Counter and food demonstration counter. The paint used on them has faded and pealed off.
(vii) All toilets were leaking when in use. Most of them had broken as inferior materials were used for the plumbing works.
(viii) The soak-away had collapsed even before usage.
(ix) The door handles and locks had broken
(x) Nurses switch call bells were not provided, even though they were included in the Priced Bill of Quantities.

The Permanent Secretary has been asked to recall both the contractor and the consultant back to complete the project. He was equally asked to comment on the poor quality job executed by the contractor at the Centre.

6.54 The contract for the construction of HC Centre at Ochuche Agbani in Ogbaru LGA of Anambra State was awarded to a company at a total sum of ₦18,889,773.00 in November, 2006. The contractor was paid a sum of ₦8,689,295.62 on 12th June, 2007. Audit inspection visit to the site in October, 2007 revealed that the contractor has not finished the foundation level of the building a year after the award. Blocks were molded and foundation work partially completed. The contractor had abandoned the project since May, 2007 despite the payment made to him on 12th June, 2007. The Permanent Secretary has been asked to ensure that the contractor completes the project or in the alternative, refund the contract sum of ₦18,889,773.00 forwarding recovery particulars for audit verification.

6.55(a) The contract for the renovation of the existing Health Care Facilities in Gabai Village of Damature LGA of Yobe State was awarded to a company for a total sum of ₦4,387,225.00 each, along side that of Ardo-kola LGA of Taraba State in December, 2006. The mandatory 25% mobilization fee was paid in February, 2007 but the contractor did not show up as at the time of audit visit in October/November, 2007. It was observed however that the old existing building has been re-roofed, plastered and painted by a son of Gabai Village in Yobe State who has a Commissioner in the state instead of the NPHCDA contractor, for the commencement of the usage of equipment and drugs supplied by the NPHCDA long time ago. It was also observed that it would be a waste of public fund if any expansion or renovation contract was allowed by the NPHCDA contractor to be carried out on the small centre for ₦4.3 million because there was nothing to renovate again on the building and the surrounding hamlets population is not more than 1000 people.

(b) The Permanent Secretary and the Executive Director of PHCDA have been advised that it will be better if the NPHCDA can spend that colossal sum of money to build another small or medium ward or maternity in another village in the same local government rather than allowing this contractor to go away with the government money he has collected.

All the issues raised above have been communicated to the Permanent Secretary for prompt action.

FEDERAL MINISTRY OF HEALTH, ABUJA

(Capital Projects on Standardization of Equipment and Infrastructures in eight (8) Teaching Hospitals)

6.56(a) To stem the tide of continuing dilapidation and disrepair in the entire Tertiary Health Sectors, the Federal Government decided in December, 2000 to appoint a nine (9) Member Committee on Standardization of Medical Equipment for Teaching Hospitals and other Federal Tertiary Health Care Institutions in Nigeria.

(b) The Committee conducted a total audit of equipment in the various categories of Hospitals in the Tertiary Health Sector and identified the quantum of needs, with details of types, capacity, brand names and manufactures. The Committee later submitted proposals for each hospital that would restore the quality of services, maintenance capacity, and enhance effective utilization of available funds for acquisition of modern equipment. The repot of the committee led to a memo being presented by the Ministry to the Federal Executive Council where it was approved that the recommendations be implemented in phases since government could not refurbish the entire Tertiary Health Institutions in one fell swoop. This led to the selection of Eight Teaching Hospitals, across the 6 Geo-Political Zones of Nigeria as follows:-

(i)	University College Hospital, Ibadan, Oyo state	(UCH)
(ii)	Ahmadu Bello University Teaching Hospital, Zaria Kaduna state	(ABUTH)
(iii)	Lagos University Teaching Hospital, Lagos, Lagos state	(LUTH)
(iv)	University of Nigerian Teaching Hospital, Enugu, Enugu state	(UNTH)
(v)	University of Maiduguri Teaching Hospital, Maiduguri, Borno state	(UMTH)
(vi)	University of Port-Harcourt Teaching Hospital P/H, Rivers state	(UPTH)
(vii)	University of Jos Teaching Hospital, Jos, Plateau state	(JUTH)
(viii)	University of Ilorin Teaching Hospital, Ilorin, Kwara state	(UITH)

(c) The scope of the project was the grouping of the equipment inventory into different clinical areas of the hospitals thus:

- Radiology (Diagnosis and Therapy)
- Surgery (Theatre S. D. & G)
- Anesthesia and Intensive care
- Laboratory Services
- Accident and Emergency (Casualty, Orthopedics)
- Other Departments (Medicine, Pediatrics, ENT, Opthanology, Dentistry, Pharmacy.

The main objective was to refurbish these eight Tertiary Health Institutions in a way that would make them fully functional, equipped with the most modern diagnostic and investigative tools in order to guarantee the higher possible level of clinical care.

6.57 During the audit visit to the (8) eight Teaching Hospitals to verify the level of compliance with the expenditure incurred on the projects, the following anomalies were revealed:-

(a) The Federal Government had earlier embarked on Foreign Finance proposal (Credit-purchase arrangement) as an alternative source to execute the project. However, during the actual implementation when budgetary provisions were made, the onus to domicile the entire project in the local currency should have been a clause in the agreement to keep the contract cost within reasonable limit. It is disheartening that a contract whose Naira equivalent at the time of award was eleven billion Naira (₦11 billion) would now cost about seventeen billion Naira (₦17 billion) due to the appreciation of the Euro, in the course of implementation.

(b) A short-list of five proposals from various countries has given a company in Vienna, Austria an edge over others through their offer of 30 million euro export Credit Financing which was later reviewed to 100 million Euro for a repayment tenure of 10 years and with the full backing of the Austrian Government. The above proposal made the contract not to be competitively tendered for, so the fairness in the pricing of equipment cannot be guaranteed, more so, the contractor was not the manufacturer of the equipment.

(c) The provision that only 40% down payment would be made until a year after the completion/commissioning of the project was violated since the entire project was funded by the Federal Government through budgetary releases. The four (4) Equipment Training/Maintenance Centres were not in place as at the time of physical inspection to the sites in 2006. The aspect of the training of the Staff by the contractor costing the sum of E2,052,260.00 Euro was yet to be carried out at the time of the audit inspection in all the selected Teaching Hospitals in 2006.

(d) The Federal Ministry of Health, (the procurement Ministry) despite budgetary releases was observed to have prepared the voucher to support the payment to the contractor only once in violation of extant regulations. All other payments were done by direct transfer to the contractor's account via letters of credit. The Federal Ministry of Health also did not produce any breakdown of expenditure of the initial release of the sum of ₦500,000,000.00 (E4 million) to the contractor in 2003, for audit verification.

(e) A letter dated 4th November, 2002 conveyed the award of the contract to a foreign contractor in Vienna, Austria to pre-finance the equipment modernization of eight priority Teaching Hospitals in Nigeria and four equipment Bio medical maintenance training centres at a total fixed contract sum of One hundred million Euro (E100 million equivalent to ₦11.07 billion) payable over a four year period with one year moratorium after the payment of ₦500,000,000.00 (five hundred million Naira) as down payment subject to the submission of Bank Guarantee of the equivalent amount. The contractor was required to procure, supply, install, test, commission, conduct training, operational start-up, guarantee and carry out the maintenance of all the equipment over a period of five years. The contractor was also informed that price variation and fluctuation would not be allowed. The contract is made up of two components, supplies (72.56%) and services (27.44%) which initially was put at a total sum of E100 million Euro but was later revised downward

in an addendum to contract agreement dated 3rd May, 2004 to the sum of E95,900,000.00 million Euro.

(f) It is a well known fact that the existing state of medical equipment, personnel in the teaching and specialist Hospitals were appalling so much so that the entire hospital sector viz Primary, Secondary and Tertiary were referred to as "Consulting Clinic" by a past Administration. Part of the reasons for this state of dilapidation and disrepair has to do with the state of medical equipment and the non-setting of standard of bio-medical engineering. This has led to serious vacuum in the health care sector so much that our trained Personnel ran abroad to where they could be more exposed to modern equipment and competitive job satisfaction. So, it was a welcome development when the Civilian Administration decided to take the bull by the horn.

(g) The phased implementation of standardization of equipment and infrastructure which started at the tertiary level will no doubt arrest the brain drain syndrome. In the course of the assignment, the proposals by other countries that were adjudged not favourable were not presented to the audit team. However, it was observed that the contractor might have been favoured due to its bait of increase of its credit purchase agreement from thirty million Euro (E30m) to one hundred million Euro (E100m), which formed the basis of the award of the contract. It is surprising to note that the entire process of the award was only subjected to due process in year 2004 which culminated in the review downward of the price draft agreement signed in Austria, Vienna by the then Honourable Minister of Health. Also, it is disheartening to note that the Ministry did not envisage the idea of direct funding by the government at the time the agreement was being drafted, which in deed was the case at the time of actual implementation. The fact that the entire project cost had increased from ₦11 billion Naira to ₦17 billion Naira, a difference of 6 billion within 3 years of actual implementation due to the appreciation of the Euro, is uncalled for.

(h) In a memo issued by the Permanent Secretary dated 30th June, 2003, he stated that there is evidence testifying to the fact that the offer made to the company by another company is about half the cost of what Government is paying for the same equipment" yet, the Ministry's hand appeared to be tied to award the contract to the company. In a correspondence dated 17th September, 2002 from the Minister of Health to the Minister of Finance, paragraph "E" which is quoted thus, "No further payment outside this 4% down payment shall be made until a year after completion/commissioning of the project. This is to ensure that the Ministry does not have any dysfunctional, sub-standard non-functioning equipment, and that maintenance services have been activated before the bulk (96%) of payment is affected. This is what has been referred to as one year moratorium". This clause was grossly violated since the entire project was directly funded by the government and the contractor actually supplied the equipment based on budgetary releases. There were cases in the affected hospitals where some of the equipment were

substandard or outright dysfunctional and issues have been reduced to mere correspondences.

(i) No doubt, the standardization of equipment and infrastructure has greatly improved health care services in the selected Teaching Hospitals. The audit team undertook a working tour especially to Zaria, Maiduguri, Ibadan, Lagos, Port-Harcourt, where the equipments have been commissioned. However, the equipment at Enugu, Jos and Ilorin were in the process of being installed. There were equally pockets of complaints where the equipment brought could not be put to use because staff did not know how to operate them.

(j) Significantly, the aspect of training and the four Bio-Medical Engineering Centres were yet to be executed. In view of the large fund allocated for them, the contractor should be made to perform. The Permanent Secretary has been asked to explain the effort being made to get the personnel trained and to put in place the Bio-Medical Engineering Centres where huge funds had been expended so far.

(k) The sum of ₦12,528,000,000.00 had been released for the project between 2003-2006. The Ministry in turn had opened letters of credit for the contractor at the Central Bank of Nigeria. It was however observed, that beside the initial payment of the sum of ₦500 million that the Ministry paid in 2002, subsequent payments on this project were not made through payment vouchers in contravention of the Financial Regulation No. 603 which stipulates that all payments must be made through a payment voucher. The sum of ₦11,532,129,428.70 an equivalent of E69,408,382.57 Euro had been used to open two letters of credit for the contractor.

(l) The Permanent Secretary had been informed of the anomaly and was requested to explain:

(i) why payment vouchers were not raised in respect of all the payments made.

(ii) to furnish details of the total fund committed to date on the project for audit examination.

(iii) Produce the proposals made by the other four countries that were adjudged not acceptable.

(iv) Explain why the entire contract was denominated in Euro and their refusal to envisage that the contract could be wholly financed by the Federal Government as opposed to the credit purchase.

(v) Explain why it had to award the contract at such an exorbitant cost, when there was evidence to the fact that it was overprized.

(vi) Explain why the entire project was not subjected to due process before the award of the contract, contrary to Finance Circular No. 15775 of 27th June, 2001.

THE NIGERIAN PRISONS SERVICE

6.58. At Nigerian Prisons Service, Abuja, it was observed that Priced Bill of Quantities were over cast by the sum of ₦5,752,820.00 The Comptroller-General has been asked to recover the sum of ₦5,752,820.00 from the contractors and evidence of recovery should be forwarded for audit verification.

6.59 It was also observed that Nigerian Prisons Service has overpaid relevant Government Agencies to the tune of ₦16,000,000.00. The Comptroller-General has been asked to recover the sum of ₦16,000,000.00 from these Agencies that have been overpaid and evidence of recovery should be forwarded for audit verification.

6.60 Examination of records and books of accounts maintained by the Nigerian Prisons Service revealed that the sum of ₦202,449.16 was overpaid to a construction firm. The Comptroller-General has been asked to recover the sum of ₦202,449.16 overpaid to the contractor, while the recovery particulars should be forwarded for audit verification.

6.61 It was also noted from the examination of books and records maintained at the Nigerian Prisons Service that payments totalling ₦3,434,481.00 appeared in the CBN Bank Statement but could not be traced to the cash book. The Comptroller-General has been asked to explain the anomaly.

6.62 A contract for the supply of one 15.7KVA Generator was awarded to a company at a sum of ₦1,231,960.00 with a completion period of 2 weeks. It was observed at the time of physical inspection that 5.7KVA fairly used generator was supplied instead of 15.7KVA generator, specified in the Priced Bill of Quantities. The Comptroller-General has been requested to ask the contractor to replace the generator supplied with the one specified in the Priced Bill of Quantities, otherwise recover the sum of ₦1,231,960.00 from him and forward recovery particulars for audit verification.

6.63 A contract for the rehabilitation of sewage at Ikot Abasi Prison, Akwa Ibom State, was awarded to a contractor in 2001 at a contract sum of ₦2.5 million. As a result of the shoddy nature of work that was done, the facility did not last up to six months before it failed completely and was no longer in use. This resulted in an untold suffering to the inmates of the Prison yard. The Nigerian Prison Service re-awarded the contract to another company on 24th December, 2004 at a contract sum of ₦1,998,000.00 with a completion period of 2 weeks. A visit to the site as at the time of audit revealed that the job was not executed even though the contractor was

paid a sum of ₦1,798,200.00 (excluding VAT and Withholding Tax). Investigation revealed that this payment was made possible as a result of the job completion certificate issued by the works officer. The Comptroller-General has been asked to investigate the matter, recover the payments made to the two contractors and discipline the officers that aided the contractors to be paid.

6.64 A contract for the reactivation of a borehole at Maiduguri, Borno state. Maximum and Medium Security Prison, Maiduguri was awarded to a company at the cost of ₦5,997,750.00 on 12th November, 2004 with a completion period of 2 weeks. It was observed that the contract was poorly executed, as the generator installed was not new but old. However, a sum of ₦5,025,474.24 was paid to the contractor on 18th February, 2005. The Comptroller-General has been asked to direct the contractor to install a new generator and ensure that the borehole is functional.

6.65 9 contracts totalling ₦61,142,316.00 were awarded to different contractors between 2004 and 2005 with a completion period of between 2 weeks and 2 months. These contracts were discovered not executed as at the time of audit inspection. The Comptroller-General has been asked to recover the total contract sum of ₦61,142,316.00 from the contractors for failure to perform. Evidence of recovery should be forwarded to this Office for verification.

UNIVERSITY OF TECHNOLOGY, MINNA

6.66. At the University of Technology, Minna, Niger State, it was observed that an advance payment of ₦27,391,429.44 was made on 12th June, 2006 to a company for the completion of the University Library Complex at the Permanent Site. The payment was not backed or supported with bank or Insurance Bond in contravention of the extant rules and regulations. The Vice chancellor has been asked to comment on this irregularity.

FEDERAL GOVERNMENT GIRLS COLLEGE, BIDA

6.67. While examining the accounting and other records maintained at the Federal Government Girls College, Bida, Niger State it was noted that 134 payment vouchers for amounts totalling ₦3,058,915.00 were raised and paid between September, 2006 and June, 2007 without attaching the relevant supporting documents to them such as receipts, invoices, stores receipt/issue vouchers etc. contrary to Financial Regulation No. 603. I therefore find it difficult to accept such payments as proper and legitimate charges against public funds. The Permanent Secretary has been asked to produce them or recover the sum of ₦3,058,915.00 from the officer forwarding recovery particulars for audit verification.

6.68 It was also observed that a sum of ₦144,360.00 representing the 5% mandatory Withholding Tax was not deducted from the payments made to various contractors for various supplies made to the school within the period under review. The Permanent Secretary has been requested to recover the sum of ₦144,360.00 from the contractors concerned and remit same to the Federal Inland Revenue Service furnishing me with recovery particulars for audit verification.

6.69 34 payment vouchers for amounts totalling ₦1,133,083.00 raised between September, 2006 and March, 2007 were not produced for audit examination during the period under review. I cannot therefore certify the expenditure on them as proper and legitimate charges against public funds. The Permanent Secretary has been asked to produce them for audit examination.

6.70 Eleven Library books borrowed by some teachers from the school Library between 1990 and June 2008 were not returned to the Library despite the efforts made by the School Librarian to retrieve the books from the loanees. The Permanent Secretary has been requested to recover the books from the teachers or the cost of the books at the prevailing market prices. Recovery particulars should be forwarded for audit verification.

6.71 Despite previous report on non-maintenance of Plant and Equipment Register, the school did not maintain Plant and Equipment Register, contrary to Financial Regulation No. 2610. Efforts should be made to create one and ensure strict compliance with the extant regulations.

All the above irregularities have been brought to the attention of the Permanent secretary for prompt action.

FEDERAL GOVERNMENT GIRLS' COLLEGE, NEW BUSSA

6.72. At Federal Government Girls' College, New Bussa, Niger state, it was observed that the Internal Control Measures were not observed in the school as the following lapses were spotted:-

A member of staff performed the following roles in the College:-

(i) The cashier
(ii) Collects Revenue
(iii) Pays the Revenue into the Bank
(iv) Raises the Payment Vouchers
(v) Prepares the bank reconciliation statement
(vi) Maintains the cheque summary register
(vii) Goes to bank to withdraw huge sums of money without the use of police escort as required by regulation.

This is a very serious internal control breakdown which should be rectified immediately. The Permanent Secretary has been requested to ensure that more officers are posted to the Bursary Office to carry out these functions in order to enforce internal control measures as provided by the Financial Regulations and extant circulars.

6.73 Financial Regulation No. 517 stipulates that "Expenditure will be classified strictly in accordance with the Estimates and that "vote must be applied only to the purpose for which the money was provided". But contrary to the above, a sum of ₦2,154,200.00 was spent from Domestic Account instead of Boarding Account and ₦4,091,187 was spent from Boarding Account instead of Domestic Account during the period under review. The Permanent Secretary has been requested to furnish me with the relevant authority for the unauthorized virement.

The attention of the Permanent Secretary has been drawn to all the anomalies for his comments.

UNIVERSITY OF UYO

6.74. Audit examination of the Capital Vote, accounting records at the University of Uyo Akwa Ibom State, revealed that personal advances totalling ₦65,413,546.00 granted to a staff between 10th December, 2001 and 13th August, 2002 for the execution of various capital projects in the University had not been retired, contrary to Financial Regulation No. 1705. The officers should be made to produce the retirement particulars for audit verification purpose. This issue has been brought to the attention of the Executive Secretary, Nigeria Universities Commission, Abuja for prompt action.

FEDERAL ROAD SAFETY COMMISSION (FRSC)

6.75(a) The Federal Road Safety Commission was established by Act Number 15 of 1988 with the responsibility for preventing and minimizing road accidents on Nigerian roads and clearing of obstructions on the high ways. The Commission is also empowered to arrest and prosecute offenders who infringed on Highway Code among others.

(b) In a recent audit exercise carried out in Federal Road Safety Commission, Abuja, it was observed that a company was awarded the contract to supply equipment and furniture to the Kaduna Zonal and Sector Command Office of FRSC on 4th April, 2007. The job was awarded for a sum of ₦5,170,243.00 and it was fully paid for on 11th June, 2007.

(c) Audit inspection at the users Department in Kaduna, Kaduna State in December, 2007 revealed the following anomalies:-

(i) Some of the equipment/items were not fully supplied by the contractor;
(ii) Some of the equipment/items supplied were observed to be fake and not functioning
(iii) Some of the equipment/items supplied were not in agreement with specifications.
(iv) Priced Bill of Quantity was not produced for audit scrutiny.

The Corps Marshal has been asked to direct the contractor to correct the anomalies or recover the contract sum from the contractor, forwarding recovery particulars for audit verification.

6.76 At the FRSC, Kaduna Command, Kaduna State, it was observed that a company was awarded the contract for drilling a borehole and overhead tanks at the cost of ₦1,254,000.00 in May, 2007. The contract was fully paid for on cheque No. 98349. Audit physical inspection in December, 2007 revealed that the overhead tank and other plumbing works for which a total sum of ₦480,000.00 was provided for in the Priced Bill of Quantity, was not done. The Corps Marshal has been asked to recover the sum of ₦480,000.00 from the contractor, forwarding recovery particulars for audit verification.

6.77 A contract for the renovation/modification of FRSC new Zonal office Kaduna, Kaduna State was awarded to a company at the sum of ₦3,524,850.00. The contract was fully paid for in May, 2007. Audit visit to site revealed the following anomalies. The decked roofs of the new Zonal office was leaking and this has caused both unpleasant sights on the walls and ceiling which are likely to affect the newly laid rugs. The stench that emanates from this combination would become so unbearable for any staff to stay in the office come next rainy season if the leaking roof was not rectified immediately. The Corps Marshal has been asked to recall the contractor to rectify the anomalies immediately.

6.78 An audit examination of the records of FRSC stores revealed that some items were purchased by Logistics Department without passing the relevant documents to stores for documentation. For instance, a company supplied 76 units of VHF TK-7102 Kenwood Mobile Radio sets for the sum of ₦10,370,000.00 on 26th January, 2007. The contractor was fully paid on 3rd April, 2007 and GRN (Goods Received Note) No. 2320 of 3rd April, 2007 was raised for the items. However, the equipments could not be traced to the store as no SRVs were raised to take the items on store ledger charge Also, 3 No Ford Rangers supplied by a company at a unit cost of ₦363,625.00 totalling ₦1,090,875.00 in August, 2007, could not be traced to the store, contrary to Financial Regulation No. 2206. The Corps Marshal has been asked to ensure that these items are taken on ledger charge and produce the Ford Rangers for audit verification.

6.79 The contracts for the construction of perimeter fence (Phases I & II) at FRSC model driving school at Gwagwalada, Abuja, were awarded to a company for ₦15,000,000.00 and ₦18,000,000.00, respectively in September, 2006. Audit visit to the project site in December, 2007 revealed the following anomalies:-

(i) The project was abandoned as there was no access road to the place which was covered with bush.

(ii) The purported plate number project which was observed to have gulped over ₦15,000,000.00 have not been completed, several months after the expiration of the completion period. The contractor has denied the Agency and the Government value for the money spent on the project.

The attention of the Corps Marshall has been invited to the anomalies and he has been requested to explain why the project has not been completed despite the importance attached to it by Government.

6.80 A company was awarded the phases I and II of the contract of construction of FRSC driving school number plate plant at Gwagwalada, Abuja in September, 2006 and January, 2007 respectively. The phase 1 contract was awarded for ₦10,000,000.00 while that of phase II was awarded for ₦15,000,000.00. The purported driving school which was observed to have been paid for to the tune of over ₦10,000,000.00 has not been completed many months after the expiration of the completion period. The contractor has denied the Agency and the Government value for the money spent on the project. The Corps Marshal has been asked to explain the cause of the delay in the completion of the project.

All the issues raised above, have been taken up with the Corps Marshal for prompt action.

FEDERAL AIRPORT AUTHORITY OF NIGERIA (FAAN)

6.81 The following observations were made during the project audit of the Federal Airport Authority of Nigeria.

(a) Between 2004 and 2006, fifteen contractors were awarded contracts valued at ₦313,928,644.43. Six contractors were to execute contracts in Abuja, Jos, Yola, Lagos, Port Harcourt and Enugu Airports, while nine contractors were awarded for execution in Bauchi new Airport. Physical inspection carried out on the project in Bauchi new Airport along Bauchi – Kano road revealed that no job was going on and 25% mobilization fees had been paid to each of the nine contractors.

(b) Audit inspection report on the visit in 2007 as a follow up to 2005 audit query revealed that the story was the same with the exception of three contractors

who appeared on site briefly in December, 2005 and January, 2006 to do skeletal work of about 15%.

(c) Similarly, six other contractors who were also paid mobilization fees to execute projects in Lagos, Abuja, Jos,Enugu, Yola and Port Harcourt have not performed. As at the time of writing this report, a total sum of ₦78,482,161.11 was certified to have been paid to these fifteen contractors between 2005 and May, 2007 without evidence of performance. The Permanent Secretary has been informed of the irregularities and he was asked to ensure that:-

(i) The contracts were determined immediately, and

(ii) All the fifteen contractors were made to refund the 25% mobilization fees paid to them totalling ₦78,482,161.11. Those contractors that performed skeletal work among them should have the value of work done evaluated and deducted from the mobilization fees paid to them, forwarding recovery particulars for audit verification. The contractors should also be black-listed for non-performance.

6.82(a) A contract for the renovation/expansion work at Abuja Airport was awarded to a company at a sum of ₦46,774,304.85 in October, 2005. The contractor was paid a sum of ₦41,317,965.47 in 2006. Audit investigation revealed that the contract was reviewed upward to ₦50,424,305.55.

(b) A further detailed evaluation and examination of the Priced Bill of Quantity and physical inspection in May, 2007 revealed the following anomalies:-

(i) The inclusion of ₦3,800,000.00 in the Priced Bill of Quantity as consultancy fees was not proper since the project was supervised by FAAN Engineers.

(ii) The sum of ₦1,000,000.00 provided for contingency in the Priced Bill of Quantity was neither utilized nor deducted from the sum of ₦3,650,000.00 which was the cost of additional work that was added to review the contract sum upward to ₦50,424,304.85.

(c) The following snag lists were extracted from the Priced Bill of Quantity of which the services were not rendered:-

(i) Installation of 3 No steel gates (290 x 2100mm high) valued at ₦168,000.00.

(ii) Supply and installation of 500 liters overhead plastic tank mounted on 5m high steel with other accessories valued at ₦490,000.00, installation inclusive.

(iii) Provision and installation of 10 No 100kg manual weighing scales valued at ₦2,650,000.00.

(iv) Provision of 4 No two image Sanwa urinal bowls, contour wall Urinal in vitreous china (white) 50mm, valued at ₦126,000.00.

(v) Provision of 13 100mm extractor fans for toilet valued at ₦109,200.00.

(vi) Supply and installation of 6 No plain translucent fiber glass size 4700mm x 200mm valued at ₦390,000.00. In addition, the contractor was no longer on site. However, going by the defects (a) to (f) the total value of work not yet executed and items not yet supplied amounted to ₦3,993,200.00.

(d) The attention of the Permanent Secretary has been drawn to the anomalies and he was asked to:-

(i) offer explanation for the addition and payment of ₦3,800,000.00 as consultancy fees to the contractor when FAAN is always noted for the employment and payment of consultants separately on any work done for them without asking any contractor to pay the consultant on behalf of the Authority.

(ii) recall the contractor back to site to complete the outstanding works, supplies and installation.

(iii) deduct the unutilized contingency fee of ₦1,000,000.00 added to the initial Priced Bill of Quantity before the additional work plus extra ₦3,800,000.00 consultancy fee added to the contract sum totalling ₦4,800,000.00 from the outstanding balance due to the contractors and forward evidence of recovery for audit verification.

(iv) stop further payment until all the snag list or defects pointed out are rectified.

6.83(a) A contract for the renovation/provision of Airport specific equipment at the Nnamdi Azikwe International Airport Domestic Terminal, Abuja was awarded to a company in February, 2006, at a contract sum of ₦39,186,136.50. Audit monitoring team observed that the sum of ₦25,988,326.43 representing 66% of the total contract sum has been certified paid. Audit team visit to site in May, 2007 also revealed that the contract had not been completed, and the following anomalies were observed:-

(i) One (1) No stainless steel roller shutter door for screening machine room size 900mm x 2100mm high, valued at ₦465,000.00 had not been put in place.

(ii) 60mm x 2100mm high deep cover drains, valued at ₦141,000.00 had not been put in place

(iii) The sum of ₦2,000,000.00 provided for contingency in the priced bill of quantity deducted from the proposed additional works of ₦4,090,550.00.

(b) The attention of the Permanent Secretary has been drawn to the anomalies and he was requested to ensure that all the snag lists pointed out are rectified including:

(i) The sum of ₦2,000,000.00 added to the contract price for contingency but observed to be neither utilized nor deducted from the total variation for additional work, should be accounted for, while all items not yet put in place should be provided.

(ii) And to show evidence of the publication of the project in the Federal Government tender journals for this contract, which is 10 million threshold and above, as required by the extant regulation on competitive tendering.

6.84(a) A contract for consultancy on restructuring and remodeling of a section of Murtala Mohammed International Airport terminal building, Lagos was awarded to a company on 12th April, 2005 for a sum of ₦12,153,987,235.68. The sum of ₦12,987.630.59 (₦15,152,235.68 less taxes) was paid to the consultant on 30th August, 2005.

(b) However, Audit examination of the consultancy contract documents and paid vouchers revealed the following irregularities:-

(i) The Honourable Minister of Aviation memo dated 21st July, 2005 revealed that he approved the sum of ₦15,152,235.68 only. The agreement signed on 12th July, 2005 gave the contract sum to be ₦20,202,980.91 which an earlier letter from the Ministry dated 12th March, 2005 also stated. These four documents i.e. Honourable Minister FMA's Memo, agreement, FMA Award and approval letter revealed inconsistencies in the contract sum paid.

(ii) It was observed that the computation of the contract sum was overstated by ₦2,722,110.41 due to the casting error in the breakdown of the contract sum. The correct contract sum figure should be ₦17,480,780.50 instead of ₦20,202,890.91 for which the consultancy contract was awarded.

(iii) The inclusion of project management cost of ₦2,205,808.00 apart from professional fees, residency supervision and reimbursable in the consultancy priced BOQ is viewed as an error to inflate the contract price. On account of this, I cannot accept this as a proper and legitimate charge against public funds.

(iv) The actual contract for which the consultant was paid to supervise was observed to have been abandoned. Adjustment for the observation gave the current contract award sum to be ₦15,174,972.00 (professional fees, reimbursable and supervision inclusive), provided that work was completed. However, since the work was observed abandoned, the expected consultancy contract sum should have been ₦13,993,072.00 VAT inclusive. Out of this, 75% less tax, totalling ₦8,995,541.61 was supposed to have been due for payment, instead of a net sum of ₦12,987,630.59 already paid to the consultant. This gave rise to overpayment and over valuation of ₦3,992,083.91 made to the contractor.

(c) The attention of the Permanent Secretary has been drawn to the discrepancies and he was requested to:-

(i) Recover the overpayment of ₦3,992,083.91 from the consultant failing which the officers who prepared and certified the priced bills of quantities for payment should be held accountable for the loss to FAAN and the government, forwarding recovery particulars for audit verification.

(ii) Review the contract downward to ₦15,174,972.00 after taking into consideration the irregularities pointed out above.

(iii) Explain why the Consultant was paid the sum of ₦1,181,900.00 as supervision fee on the work that has been abandoned, or in the alternative recover the money from him, forwarding recovery particulars for audit verification.

6.85 A contract for the supply and installation of check-in counters at Makia Kano, Kano State was awarded to a company on 16th May, 2005 at negotiated contract sum of ₦31,296,851.00, which was higher than the contractor's initial quotation of ₦29,190,500.00. The usual practice is for the negotiated contract cost to be less than the initial project cost in as much as there is no addition to the scope of works in the priced BOQs. The irregularity has been communicated to the Permanent Secretary and he has been requested to:-

(i) Explain why the negotiated contract cost is more than the contractor's initial quotation instead of being lower.

(ii) Recover the sum of ₦2,106,351.00 added to inflate the initial contract cost from the contractors outstanding balance and forward the recovery particulars for audit verification.

6.86 A contract for consultancy service on aviation fuel up-liftment charge due to FAAN in July 2006 was awarded to a company on 16th October, 2006. A concession agreement was signed with the company and the company was:

(i) To be paid the management fee of 1.5% of total monthly generated and collected revenue fixed at ₦60,416,666.67.

(ii) To be paid success/consultant fee on additional revenue generated and collected above the Authority's revenue generation of ₦525 million in the 1st year, provided the company made the payment on monthly basis. However, audit examination of the two paid vouchers made to the company revealed that 5% Withholding tax was deducted instead of 10% required by the extant tax regulations. Adjustment for this under deduction of WHT resulted in an over payment of ₦3,020,833.33 made to the Consultant.

The Permanent Secretary has been requested to recover the sum of ₦3,020,833.33, being the net over-payment due to under-deduction of WHT from the contractor's subsequent payment, remit the money to FIRS and forward particulars of payment for audit verification.

6.87 While commending the efforts of the management of FAAN in ensuring the payment of the backlog of about ₦500 million tax liabilities incurred by the past administration, the project audit monitoring team's examination of the organization records and reconciliation of taxes paid so far between 2005 and 2006 revealed that the sum of ₦249,499,106.03 made up of ₦169,402,402.10 VAT and ₦80,096,703.93 WHT represent the taxes deducted from contractors between 2005 and 2006 but which were not remitted to Federal Inland Revenue Services, contrary to VAT Act 102, 1993 and Financial Regulation No. 344. The Permanent Secretary has been requested to remit the outstanding revenue of ₦249,499,106.03 to the Federal Inland Revenue Service without delay, forwarding remittances particulars for audit verification.

All the issues raised above have been communicated to the Permanent Secretary for prompt action.

NIGERIAN CIVIL AVIATION AUTHORITY (NCAA)

6.88 At the Nigerian Civil Aviation Authority, it was observed that a contract for the Landscaping of the Port Harcourt Regional Staff Quarters was awarded to a contractor for the sum of ₦28,871.200.00 in November, 2005. A payment of ₦7,217,800.00 was made representing 25% mobilization fee to the contractor in March, 2006. The visit of the audit monitoring team to the contract site in July, 2007 revealed that the contractor was yet to mobilize to site. The Director-General has been advised to recover the mobilization fee of ₦7,217,800 from the contractor and forward the recovery particulars for audit verification

6.89 A contract for the construction of fence wall and toilet at NCAA Regional Office in Kaduna, Kaduna State was awarded to a contractor in February, 2005 for a

contract sum of ₦2,699,106.25 with a completion period of 3 months. The contract sum was fully paid for in July, 2005. However, the inspection by the audit monitoring team in July, 2007 revealed that the project was 7% completed. Efforts should be made to ask the contractor to complete the project, or refund the sum of ₦2,510,168.81 to government coffers, furnishing the recovery particulars for audit verification. All the issues above have been taken up with the Director-General of NCAA for prompt action.

6.90 A contract for the supply and installation of Sage Integrated Accounting Software at NCAA was awarded to a contractor for a sum of ₦29,490,000.00 with a completion period of six months. However, the server broke down in the 1st quarter of 2005 due to fluctuation in the service levels since then the Finance Department has been obliged to resort to the using of spread sheets or manual books to record accounting transactions. Further audit investigation revealed that:

(i) More than 50% of the entire contract sum including fees for the training of staff had been paid to the contractor.

(ii) The NCAA paid for 16 user's license agreement, but instead 12 user's license agreement was supplied for the SAGE System and this appeared insufficient for the number of users required to access the system. Thereafter, the Authority paid a total sum of ₦8,127,700.00 between 2003 and March, 2006 as license renewal fees.

(iii) The license agreement has expired and could not be renewed due to lack of confidence in the SAGE agreement and services.

(iv) Lack of firewalls and licensed enterprise anti-virus software resulted in crashed system and forced system shut down. All these eventually led to the shut down of the network.

(v) It was also observed that the SAGE supplied and installed are currently not functional.

In conclusion, it could be observed that NCAA has, up to date, record of poor Value-for-Money spent in the implementation of SAGE hence five years after the award, the contract could not be completed. All the lapses and anomalies had been brought to the attention of the Director-General, who has been asked to ensure that the anomalies are corrected and value is derived from the money expended on the project.

6.91 A contract for the control of Gully erosion at Kano Staff Quarters was awarded for a sum of ₦7,483,572.00 in September, 2005 with a completion period of 4 months. The monitoring team visited Kano in July, 2007 and observed that the contract was completed. A sum of ₦4,736,369.40, representing 63.29% of the total contract sum was paid to the contractor while another 35% was to be paid, leaving

only 5% retention fee outstanding. However, an audit examination of the Priced Bill of Quantity and physical inspection of the site revealed the following irregularities:-

(i) Double provision for preliminaries in the Priced Bill of Quantity. The sum of ₦250,000.00 was provided under item A page '1' of the priced BOQ and another sum of ₦339,391.00 was provided for the same preliminaries on the last page of the Priced Bill of Quantity. The sum of ₦339,391.00 should be recovered from the contractor, and recovery particulars forwarded for audit verification.

(ii) There was no additional work or variation approval to warrant the payment of ₦200,000.00 included for "contingencies". The amount of ₦200,000.00 should also be recovered, quoting recovery particulars for audit verification.

(iii) One culvert instead of two required was put in place in-between the drainage in front of the staff quarters at the entrance of one of the gates and that culvert was not even completed. Adjustment for these irregularities in the Priced Bill of Quantity gave rise to over-estimation of ₦356,361.00. The over-estimation of ₦356,361.00 should be recovered from the contractor and particulars forwarded for audit verification.

The attention of the Director-General has been drawn to these anomalies and has been asked to recover the total sum of ₦895,752.00 from the contractor, forwarding recovery particulars for audit verification.

6.92 An audit monitoring team visit in July, 2007 to the newly constructed Kaduna Regional Office Staff Quarters Housing estate which was awarded since 2004 revealed that eight buildings were poorly constructed. Furthermore, it was revealed that two months after the allocation of the houses, most of the defects observed and pointed out for rectification in 2005 were never rectified and some of these defects included the following:-

(i) There were cases of electrical faults which resulted in shocks from household electrical appliances whenever the power generating set was put on due to bad electrical fittings and wiring.

(ii) The kitchen cabinets and room wardrobes were poorly fitted as most of them had depreciated before allocation.

(iii) The ceilings in the houses were repaired with substandard bad tyrod wood. Hence despite the painting, powdered-ink particles due to eating up of the tyrod by termites were dropping from the ceilings in virtually all the houses. This could render the asbestos weak and possibly lead to its collapse.

(iv) The plumbing work in the kitchens and toilets were poorly done as water was not flowing down into the soak-away chambers in some houses.

(v) The electrical switch boards installed for some of these buildings were one phase ELSB instead of 3 phases specified in the Priced Bill of Quantity.

(vi) The inner entrance doors leading to the bedrooms of some houses were with bad keys which could neither be removed nor locked by the occupants.

The attention of the Director-General has been drawn to these anomalies and he has been asked to ensure that the contractors are brought back to rectify the bad jobs done.

6.93 Two contractors were awarded the contracts for the provision of overhead Water Tank, Ground Steel Tank and Drilling of Bore Holes in Kaduna and Kano in September, 2005. The contracts were awarded for the sum of ₦5,817,000.00 each with a completion period of 3 months. The audit monitoring team visit to Kaduna and Kano in July, 2007 revealed that the two tanks had been put in place and boreholes sunk. However, the team observed the following anomalies:-

(i) The two boreholes had not been electrically connected for water to flow to all the houses.

(ii) The boreholes needed to be flushed again before being connected to the houses.

(iii) The water level indicators worth ₦100,000.00 in each of the priced bills of quantity were not seen.

The Director-General has been asked to direct the contractor to return to site to rectify the anomalies.

All the irregularities have been taken up with the Director-General for prompt action.

SUPREME COURT OF NIGERIA

6.94. The contract for repairs, replacements and re-activation of five (5) No lifts at the Supreme Court Complex was awarded to a contractor at a cost of ₦2,950,000.00 in March, 2005. Audit inspection carried out at the project site revealed that only four (4) out of 5 No. lifts were repaired but the contractor was paid for the five (5). The attention of the Chief Registrar has been drawn to this and he has been requested to ensure that the contractor is invited to effect the repair on the lift paid for but not repaired., otherwise he should refund the sum of ₦590,000.00, forwarding the recovery particulars for audit verification.

6.95 The contract for the renovation and construction work at the residence of the Chief Justice of Nigeria was awarded to a contractor for the sum of ₦5,245,375.00

through an award letter dated 29th May, 2005. During the audit examination of the payment records, it was observed that a total sum of ₦5,507,643.75 was paid to the contractor instead of ₦5,245,375.00 resulting in an overpayment of ₦262,268.75. The attention of the Chief Registrar has been drawn to the overpayment and he has been requested to recover the overpayment and forward the recovery particulars for audit verification.

6.96(a) The contract for the exhuming of 2 No. old leaking underground tanks of 35mm Gauge, procuring new ones of 33,000 litres and installing them at the fuel Dump was awarded to a contractor at a contract sum of ₦3,561,800.00 through a letter of award dated 18th October, 2005.

(b) Audit examination of the contract documents revealed that the mandatory 5% Withholding Tax (WHT) of ₦178,090.00 was added to the contract sum by the contractor which means that the burden of paying Withholding Tax (WHT) was shifted to the government by the contractor, thereby evading tax by the contractor. Furthermore, the record of payment shows that the contractor was paid a sum of ₦4,096,070.00 whereas the contract sum was ₦3,561,800.00 resulting in an overpayment of ₦534,270.00 to the contractor. The overpayment should be recovered.

(c) During the physical inspection carried out at the project site, it was confirmed that the contractor removed the old tanks and replaced them with new ones but the Engineer could not explain the whereabout of the old tanks removed by the contractor which could have been an evidence that the contractor actually changed the old tanks for new ones.

(d) The attention of the Chief Registrar has been drawn to the anomalies and he was requested to ensure that the total overpayment of ₦712,360.00 (i.e. 5% Withholding Tax (WHT) of ₦178,090.00 plus ₦534,270.00 being the difference between the contract price and amount paid) are recovered from the contractor with evidence of recovery forwarded to this office for verification and to provide explanation for the whereabout of the old tanks allegedly changed for the new ones.

All the irregularities above have been brought to the attention of the Chief Registrar for prompt action.

NATIONAL BUSINESS AND TECHNICAL EXAMINATIONS BOARD, BENIN CITY

6.97 At the National Business and Technical Examination Board, Benin City, it was noted that twenty-one (21) payment vouchers raised to pay the sum of ₦80,559,358.09 for various contractors between August, 2004 and July, 2006 were without Resident Due Process certificates. The sum paid, using these payment

vouchers, cannot therefore be accepted as a proper charge against public funds. The Registrar has been requested to produce the relevant documents for audit examination and also explain why due process was not followed.

6.98 The contract for the building of a library complex was awarded in 2001 at the cost of ₦72,746,685.00 with a completion period of 26 weeks. During the examination of the contract documents, t was observed that the contractor commenced the project work on 6th December, 2001 to be completed in June, 2002. However, during an audit visit to the site on the 7th September, 2007, it was discovered that the project was abandoned and no useful explanation was given for the abandonment and the level of completion was 49%. The sum of ₦46,692,581.00 instead of ₦35,645,875.65 was paid based on the level of completion. The Registrar was asked to terminate the contract and re-award it to a reputable contractor. The contractor is also to refund ₦11,046,705.35 as overpayment. Evidence of recovery should be forwarded for audit verification.

6.99 The contract for the Electrical and Mechanical job of the library complex was awarded to a contractor on 29th January, 2002 and to be completed in June, 2002 at the cost of ₦14,527,727.75. However, it was discovered at the time of audit visit to the site that the main building was abandoned. The contractor had already been paid the sum of ₦7,891,080.60 worth 54.32% of the Electrical and Mechanical job completed. The Registrar has been informed of the anomaly and was requested to ask the contractor to refund 25% of ₦7,891,080.60 which amounted to ₦1,972,770.15 paid to him by Government, while the job should be determined and re-awarded to another competent contractor. Details of recoveries should be forwarded for audit verification.

6.100 Contract for the building of Electrical and Mechanical cafeteria job was awarded to a contractor at the cost of ₦30,519,632.00 with a completion period of 24 weeks. The project commenced on 6th December, 2001 and was to be completed in 2002. The contractor has been paid a total sum of ₦17,706,336.00. It was, however, observed at the time of audit inspection of the project on 7th September, 2007 that 60% of the project was completed, seven years after the contract was awarded. The Registrar has been asked to explain why the job that was to be completed within 24 weeks was not completed even after seven years of award of contract. The contractor should be called back to site to complete the job and the certificate of completion forwarded to this office for verification and confirmation. The Resident Engineer should be assigned to supervise the job on daily basis to check the activities of the contractor handling the project.

6.101 The contract for the construction of access road was awarded at a cost of ₦8,860,943.00 and the sum of ₦3,350,352.00 was paid in 2001. The job commenced on December 6, 2001 and was to be completed in January, 2002. However, the project was abandoned by the contractor as at the time of audit inspection of the project. It was also discovered that the graded access road was covered with weeds. This development has been reported to the Authority. The

Registrar has been asked to determine the contract and re-award it to a more competent contractor while ₦837,588.00 representing 25% of the sum of ₦3,350,352.00 paid to him for job not done be recovered, forwarding recovery particulars for audit verification.

6.102 Contract for the electrical and mechanical job for Block A and B office complex was awarded at the total cost of ₦13,506,650.00. The contractor was paid the sum of ₦7,304,128.00, leaving a balance of ₦6,202,522.00. At the time of audit inspection visit to the site on 7th September, 2007, it was discovered that the work was yet to be completed by the contractor. The Registrar has been asked to ensure that the contractor is recalled to site to complete the remaining part of the project while evidence of job completion should be sent to this office for verification.

All the anomalies above have been communicated to the Registrar for prompt action.

NATIONAL YOUTH SERVICE CORPS, ABUJA

6.103(a) At the National Youth Service Corps, Headquarters, Abuja, a contract for the construction of its National Directorate Headquarters was awarded to a company in 1999 for ₦596,118,950.00 with a completion period of 87 weeks. This was reviewed upwards to ₦1,004,334,955.00 in 2003 as a result of the delay in its implementation. This was partly due to non payment of the outstanding certificates 14 to 20 by the Office to the contractor. As a result, the contractor could only remobilize to site in February, 2006 when the payments were effected. Altogether, a total sum of ₦955,334,955.00 (VAT inclusive) has been paid to the contractor.

(b) Audit inspection carried out on the project revealed that one of the three towers has been occupied by the NYSC without the necessary facilities in place. The inner painting, flooring, windows and doors and electric fittings are partially completed. The plumbing, sanitary wares and pipes were not in existence. Also, the staircase, walling/portioning were all partially completed. The electrical works, landscaping, driveway, car park horticultural work and drainage work were still outstanding. The state of completion of the external walling with tiles was put at 40%. The lift has not been installed making it difficult to move from one floor to the other. The state of completion of the entire building was at 70% which does not march the amount paid so far to the contractor. It would appear therefore that Value-for-Money is not derived from the money expended so far on this project by Government

All the issues raised have been forwarded to the Director-General for his comment.

NATIONAL EMEGENCY MANAGEMENT AGENCY (NEMA), ABUJA

6.104 At the National Emergency Management Agency (NEMA), Headquarters, Abuja, it was observed that a rescue helicopter plus its accessories were allegedly purchased at a price of ₦1,422,671,424.18. However, all efforts made to inspect the helicopter by the auditor proved abortive. It is therefore difficult to ascertain if Value-for-Money has been derived from the money expended for the purchase. The helicopter should be made available for audit inspection.

6.105(a) During the evacuation exercise by the Agency of Nigerians from Liberia, Cameroon and Morocco, in the year 2003, the Agency engaged (3) three Airlines to do the evacuation at a total cost of ₦750,461,000.00. In addition, the Agency expended a total sum of ₦34,850,000.00 for the receipt of the evacuees in Nigeria.

(b) Also, the sum of ₦14,730,000.00 was paid to purchase relief materials for 6000 number evacuated from Liberia. Apart from this, an official was granted cash advances to purchase relief materials for amounts totalling ₦304,236,684.71. Audit examination of the accounting records maintained for this operation revealed that the sum of ₦750,461,000.00 paid to the three Air-lines engaged was not receipted while the official who was granted cash advances totalling ₦304,236,684.71 did not account for this money, contrary to Financial Regulation No. 1705.

(c) The Director-General has been informed of these irregularities and was requested to produce the official receipts issued by the Airlines for the trips, while the official should be called upon to submit detailed statement of account for audit verification.

6.106 Another sum of ₦326,963,701.36 collected by an official of NEMA as personal advance for the purchase and distribution of relief materials to States was not retired by him as at the time of the audit exercise, thereby violating the Financial Regulation Provisions 1705 and 1720. The Director-General has been requested to recover the personal advance of ₦326,963,701.36 from the affected officer and the recovery particulars forwarded to my office for audit verification.

6.107 Contracts for amounts totalling ₦45,980,530.00 were awarded to 31 contractors between August and October, 2007 for the supply of relief materials such as food items, building materials etc. However, minutes of Tender Board Meetings were not produced for audit. Also, the addresses of the contractors were not shown in the contract award letters. The Director-General has been asked to produce these documents and explain why addresses of the contractors were not shown in the contract award letters written to them.

6.108(a) Physical inspection and audit examination of relief materials at the Agency's Zonal Offices revealed that items totalling ₦10,254,930.00 had become unusable or unfit for human consumption. Reacting to the discovery, management

explained that it has gotten approval from Accountant-General's office for the destruction of one item while effort is being made to get approval for the remaining items.

(b) Audit investigation into the cause of the large scale spoilage/damages revealed that the items became bad due to the following factors:

(i) Inadequate/poor storage facilities;
(ii) Improper arrangement of items;
(iii) Failure to adopt First-In-first-Out (FIFO) stock-taking method in issuance of items from the stores, and
(iv) General over-stocking of some Zonal stores which creates problems of pests/insects control and difficulty in arrangement of items.

(c) On the whole, it would appear that the management did not act proactively to avert the spoilage/expiration of the relief materials since it is responsible for ensuring safe and proper storage of the items. The Director-General has been asked to take urgent steps to dispose/destroy them in line with the provisions of the Financial Regulations.

The issues highlighted above have been taken up with the Director-General for prompt action.

ECOLOGICAL FUND OFFICE, ABUJA

6.109. The decision of the Government to allocate 2% of the Federation Account to natural disaster in any part of the country is a welcome development. This is expected to provide quick response by the President to issues that could have otherwise been delayed due to bureaucratic bottleneck. This fund would serve as contingency to get things done by the Presidential directive. It is, however, unfortunate that the Ecological Fund Office has not lived up to its responsibilities in the supervision of these projects. Evidence abound of correspondence from the executing Agency communicating their willingness to alter or reduce scope of several projects without taking cognisance of the cost implication of what had been prepared and approved even sometimes by the Federal Executive Council. The Ecological Fund Office as a body responsible for the supervision of these projects should live up to its responsibilities.

6.110 During the audit monitoring and evaluation of Capital Projects executed by the Ecological Fund Office, Abuja for the period, January 2000 – December 2005, it was observed that two departments of the Ministry of Agriculture i.e. Agricultural Land Resources and Livestock and Pest Control Services benefited from the release of fund by Ecological Fund Office. The sums of ₦100 million and ₦300 million were released to tackle the negative effect of sheet erosion in some locations as well as purchase of chemical and equipment for control of quilea birds in frontline states. It

was generally noticed that the Ministry was in the habit of dipping hands into the funds for reasons other than the purpose for which the fund was released. Misapplication of Funds by the Ministry from the Ecological Fund Releases made in year 2004 and 2005 ranged from using the fund for payment of Duty Tour Allowances, estacodes, out-of-pocket expenses, purchase of diesel for the Ministry's generators, NITEL Bills etc, for amounts totalling ₦22,534,900.97 The Ministry should stop the practice of misapplying the fund meant for specific project. This is contrary to the provision of Financial Regulation No. 517.

6.111 The sum of ₦16,194,400.00 was released in the Agricultural Development Project, Abeokuta, Ogun state to facilitate the control of the sheet erosion as well as plant crops. However, on a visit to Abeokuta, Ogun state in December, 2005, it was discovered that none of the Principal Officers was available to provide the relevant records despite a prior notice of the impending visit. This action frustrated the efforts of the Auditors in carrying out their duties. The matter was reported to the Permanent Secretary requesting that all the records should be made available by the organization for audit examination.

Renovation and Rehabilitation of National Sheet Erosion

6.112 A total sum of ₦15,973,400.00 was disbursed to the state offices in Plateau State between 2004/2005. Of this sum, an amount of ₦8,561,500.00 was released to the Director of Land Resources in the Ministry for remedial works and other unspecified activities. The details of the remedial works claimed to have been carried out were neither explained nor the other activity revealed in the records. Also, the sum of ₦1,000,000.00 was paid to an officer of Plateau ADP for renovation and rehabilitation of the National Sheet erosion structure which could not be verified. Lastly, the sum of ₦3,370,000.00 was paid for servicing of field equipment in the ADP. The equipment was not presented for audit inspection too. The Director of Agricultural Land Resources in the Ministry has been requested to make the following clarifications:-

(i) Provide details of the expenditure of the sum of ₦8,561,000.00 for audit examination.

(ii) Give the details of renovation and rehabilitation carried out to justify the payment of ₦1,000,000.00; and

(iii) Provide the list of field equipments so serviced with the sum of ₦3,370,100.00 for audit verification.

Rehabilitation of Mallam Aminu International Air-port, Kano

6.113 The Federal Government had released the sum of ₦800 million to the Federal Airport Authority of Nigeria through the Ecological Fund Office for its assistance in the rehabilitation of the Mallam Aminu Kano International Airport in 2001.

Consequently, the Authority prepared contract documents such as Bill of Quantity, drawings etc, with a cost implication of ₦1,369,999,844.89 to execute the contract.

The scope of work to be carried out included:

- Preliminaries
- Preparation of runway 06/24 to receive overlay and other intermediate asphalt courses.
- Milling of existing runway surface 25 – 30 m.
- Structure repairs.
- Asphalt overlay.
- Associated civil works.

(b) One company was selected and awarded the contract for the rehabilitation of the Mallam Aminu Kano Airport by a letter of award Ref. No. FAAN/350/828/Vol.X/49 of 12th February, 2001. The Federal Executive Council had earlier approved this contract in the Council conclusion to the Honourable Minister of Aviation at the sum of ₦1,369,999,844.89 and to be completed within a period of six (6) months. An audit inspection of records and visit to the project site revealed that the project cost was unnecessarily inflated. This made the employer to introduce arbitrary increases in the unit/rate and cost of the priced items during valuation of interim payments. For example, in the Priced Bill of Quantities, the sums of ₦334,835,246.25 and ₦56,300,000.00 were both earmarked for structural repairs. However, these costs were observed to be substitutes so the choice of one automatically excludes the other from being used. The sum of ₦334,835,246.25 was not chosen since only the crack relief layer was considered for structural repairs before the asphalt overlay was carried out.

(i) The Management of Federal Airport Authority of Nigeria was requested to explain the reason for preparing an exorbitant Priced Bill of Quantity.

(ii) It should equally be explained why the management of the Federal Airport Authority of Nigeria altered the units and rates in the valuation certificates as against the ones in the Priced Bills of Quantity.

(iii) The authentic expenditure details of the sum of ₦334,835,246.25 should be provided for audit verification.

6.114 Under the interim valuation 2, the sum of ₦23,100,000.00 was earmarked under general item for construction facilities and engineering facilities. A close scrutiny revealed that the sum of ₦4million and ₦2,100,000.00 from this general item were claimed to be used to purchase two empty containers which served as office accommodation for the Project Management Team and 10% additional, probably for attendant. Beside the fact that the cost was high, the container could not be sited during physical inspection in Kano.

Consequently, the Management of FAAN was required to:-

- offer explanation as to why the containers were purchased at ₦2 million each.
- The two containers should be made available for audit verification.
- The reason for adding the sum of ₦2,100,000.00 to the cost of purchasing the container should be explained.

6.115 Two (2) new Peugeot cars 504 Best line were purchased at the cost of ₦6,746,775.00 for the smooth implementation of the project in Kano. However, at the time of the audit inspection only one of the vehicles was sited in Kano. Also, in the course of project supervision the sum of ₦950,000.00 was claimed for furniture and equipment for the residence of the project management team. These furniture and equipment were equally not sighted.

On account of this, it was decided that:-

(i) the management of FAAN should produce the second vehicle promptly for audit inspection; and
(ii) The furniture and equipment claimed to have been purchased should also be provided for sighting and should revert to the organization on completion of the project.

6.116 The sum of ₦104,788,219.38 was paid under IPC 3 for the preparation of runway (Bill No 2). A cursory look at the quantities revealed that the claim was spurious. Also, the sum of ₦127,785,529.05 had been claimed for asphalt work under Bill No. 3. The claim was also observed to be partially spurious since most of the unit/rate applied as well as the provision in the bill of quantities were non-existent. Consequently,

(i) The Management has been asked to explain why the sum of ₦104,788,219.38 was paid for the services that were not executed;
(ii) The Bill No. 3 should be appropriately priced so that the due cost to the contractor be determined while the excess is refunded; and
(iii) An explanation should be given as to why the unit/rate was arbitrarily altered.

6.117 The sum of ₦1,050,000.00 was paid in IPC 4 to the contractor for the cost of conversion of Murtala Mohammed Airport plan to digital. This appears to be misapplication of fund by the Authority (FAAN). Also, the master plan that was converted to digital was not produced by the Management of FAAN.

The evidence of the award of the contract should be provided for audit verification.

6.118 The sum of ₦2,012,500.00 was paid to a contractor for supplying asphalt to Kaduna Airport. However, there was no documentary evidence to back up this expenditure, contrary to the Financial Regulation No. 603. It appears as if the Management of FAAN was using all kinds of methods to exhaust the fund. The instant policy requires all officers responsible for expenditure to exercise due

economy. Money must not be spent merely because it has been voted as required by Financial Regulation No. 515.

The Management of FAAN has thus been requested to:

(i) Produce all documentary evidence of the contract and receipt of the asphalt in Kaduna for audit verification; and

(ii) Explain the reasons for this apparent misappropriation of fund.

6.119 The sums of ₦44,975,387.75 and ₦20,000,000.00 were observed to have been paid to the contractor for preparation of runway which did not exist. However, the sum of ₦20 million claimed for grassing of the area affected by the project was extremely on the high side. On account of this, the Management of FAAN has been requested to:-

(i) recover the sum of ₦44,975,357.75 since the job was not executed, forwarding receipt particulars for audit verification.

(ii) desist from making spurious claims.

6.120 The sum of ₦133,821,206.61 was recorded as "contingency" for the project as against the sum of ₦60,970,130.79 earmarked for it in the Priced Bill of Quantity. It was, however, observed that there was no formal approval for this exorbitant expenditure classified as contingency. The Management of FAAN has also been required to explain how they incurred the colossal sum of ₦133,821,206.61 as contingency without formal approval.

NIGERIAN NETWORK OF SEISMIC STATION

6.121(a) The National Technical Committee on Earthquake phenomenon is saddled with the responsibility to establish seismic station in the country to be known and called Nigerian National Network of Seismic Station. The objectives are as follows:

- Allow for detailed study and understanding of the underlying geological and geo-physical characterization of the Nigerian Land areas.

- To provide an immediate data on the magnitude and location of any Seismic event that may occur in any part of the country and by extension other part of the world.

Network is based on a corporate configuration with central station in Abuja, Karshi. The northern axis stations are located in Kaduna State (Kujama) and Niger State

(Minna), while Oyo State (Ibadan), Oyo town and Osun State (Ile-Ife) represent the Western axis. Enugu State (Nsukka); Ebonyi State (Abakaliki) and Anambra State (Awka) represent the Eastern axis.

PURCHASE OF SEISMIC EQUIPMENT BY NASENI

(b) Way back in 1993, the Ecological Fund Office released the sum of ₦9,000,000.00 to the National Science and Engineering Infrastructure for the purchase of Seismic equipment to the central station and 6 remote stations. The sum of ₦7,500,000.00 had been spent on purchase of the equipment, the balance was said to be used for preliminary site selection and noise survey. It was not understood why the Agency decided to purchase the equipment ahead of the building structures to house them.

Explanation should be provided as to why the equipment purchased was made a top priority when the structure to house them was not even ready.

(c) A letter Ref. EF/FA/NASENI/1/331 of 21/02/2000 conveyed the approval of the President to release the sum of ₦149,770,177.00 to the Authority of National Science and Engineering Infrastructure to complete the project. The authority of National Engineering Infrastructure had completed some aspects of physical structures. The remote station in Awka appeared to have been abandoned.

(d) The following activities that are essential for the smooth running of the project were yet to be executed in spite of the level of funding provided for some of them:-

- Furnishing of office complex at the remote stations;
- Installation of the equipment in the remote stations;
- Telecommunication and Consultancy; and
- Fencing, Electricity, Staff quarters, road network etc.,

(e) In answer to enquiries as to why some of the activities that were funded were not executed, the authorities of NASENI, complained of inflationary pressure as well as undertaking some unforeseen activities that are outside the project proper like funding estacode allowances of Principal Officers, duty tour allowances etc. On account of this, the Agency has been requested to explain as follows:-

(a) Failure in meeting the objectives for which the fund was granted;
(b) Why the Agency failed to put up a comprehensive plan of the activity that will see to the actualization of the project since most of them were located at distant areas from the township;
(c) The absence of a comprehensive plan to achieve the project of the Ecological Fund; and
(d) Why money meant for specific project was diverted to activities unrelated to the project.

REHABILITATION OF GOMBE/ASHAKA RAIL LINE PROJECT

6.122(a) The sum of ₦650,000,000.00 was released to the Nigerian Railway Corporation in years 2001 and 2003. The sum of ₦500,000.000.00 was released in 2001. Out of this bulk sum, an amount of ₦300,000,000.00 was paid to a contractor for the rehabilitation of Gombe, Ashaka Rail line while the balance was split and paid to other contractors who carried out other ecological related projects. It is important to state that the Management of the Nigerian Railway Corporation refused to provide the relevant records like project files and accounting records to facilitate the audit of the released sum of ₦500,000,000.00. Consequently, the following actions are required:-

(i) the Management of the Nigerian Railway Corporation should provide the necessary documents and records to facilitate the audit; and

(ii) the reason for the fragmentation of some of the contracts should also be explained as this is contrary to extant regulations.

(b) The sum of ₦150,000,000.00 released in 2003 was observed not lodged in the Central Bank Capital Account of the Nigerian Railway Corporation, instead the money was lodged in a parallel capital account opened by the Nigerian Railway Corporation with Wema Bank, Ebute Metta, Lagos. It could not be confirmed how the fund was expended since the Director of Finance failed to cooperate with the visiting audit team. However, the bank statement produced revealed several withdrawals to different accounts for the payment of services that could not be ascertained. Also, the respective project files were not produced for audit inspection. The Authority has been requested to explain the reason why:-

(i) the fund was not lodged appropriately into the Central Bank Capital Account as required by the extant rules; and

(ii) the Director of Finance failed to produce relevant records for audit examination.

REHABILITATION OF POLICE JETTY

6.123(a) A sum of ₦31,500,000.00 was observed to have been paid piece meal for the rehabilitation of police jetty without executing the project. At the time of physical inspection what was observed executed was the gabion mattresses with granite fill and other ancillary or auxiliary works that were differently valued in the bill of quantities. The quantum of work claimed to have been carried out by the contractor could not be ascertained and the fund was observed to be disbursed piece meal without any physical achievement. A request for the contractor to contact the police and the owners of the jetty to confirm the nature of job that was executed was refused by the contractor. He claimed to have no obligation to contact the police before rehabilitating the jetty. The payment of the sum of ₦31,500,000.00 to the

contractor appears an irregular charge against police fund by the Ministry since the quantum of work claimed to have been done was not done, rather the funds were siphoned through collusion between the contractor and the Supervising Staff of the Ministry attached to the Project. The Ministry was therefore requested to comment on why payment was made for jobs not executed. Explanation should be provided on the quantum of work claimed to have been done to merit this payment.

(b) There was the issue also of the execution of the contract for the additional works carried out in the following areas:

- Drainage and sundry works at Military Hospital ₦5,861,841.75
- Erosion control work at spibat Open Area ₦41,635,440.00

It was noted that no formal approval was granted to the Contractor to commence the additional work. Physical inspection of the project site revealed that the payment for this additional work was grossly inflated. The physical achievement showed deposit of stone builders to a depth of about 4 meters along the coastal water. The spread was not as wide as expected and indeed the measurement appeared questionable. Explanation is therefore required as to:-

(i) why the additional work was commenced without formal approval;

(ii) why the additional work was not duly measured and an appropriate rate considered; and

(iii) why the cost was arbitrarily and unnecessarily on the high side.

JAMA'ARE RIVER BRIDGE EMBANKMENT PROJECT

6.124 Jama'are River Bridge Embankment project was one of the ecological funded projects in the Ministry. Up till the time the audit was concluded, the Ministry's staff in possession of the related project file did not produce it for audit inspection. It was not possible therefore to ascertain how the sum of ₦196,245,000.00 was expended for the purpose intended. On account of this, I cannot accept the payment as a proper and legitimate charge against public fund. The project file should be produced for audit scrutiny without further delay. Explanations should also be provided for failure to produce the file when the request was made initially.

KANTI EROSION CONTROL PROJECT

6.125(a) The contract for the Kanti Erosion Control Project was awarded to a contractor in Kano, Kano State as conveyed in a letter Ref. EF/SEFCP/S.150/1/131 of March 24, 2004. It was awarded for the sum of ₦49,975,138.61 after fulfilling all due process requirements. The project covered 2 sites, namely, Kanti and Gada in Kano State and was to be executed in four (4) months period. However, the design of the sites was not produced for audit inspection though there was evidence of

information. Due to the nature of the project, a-12 month retention period was allowed for it.

(b) As at the time of the audit inspection the sum of ₦47,127,234.74 had been paid to the contractor, leaving a balance of ₦2,847,908.87. However, the contractor in a correspondence Ref. KEJ/2005/HJRDA/027 contended that the sum of ₦6,598,068.49 was due to them while the client has proposed the sum of ₦2,689,865.00. It was also observed that the project was deliberately delayed by the contractor for 52 weeks before completion.

(c) Physical audit inspection carried out at the two sites revealed poor workmanship at the Godo site as the plastered wall was already falling off less than 3 months after completion. It is doubtful if the project could stand the test of time since the quality of materials used appeared not good enough to guaranty a quality job.

(d) It is recommended that:

(i) the relevant design drawing for the project should be produced for audit verification

(ii) the poor workd done should be remedied with the retention fee, which was yet to be paid at the time of the audit inspection in November 2005.

(iii) in future, a more qualified contractor should be engaged for a project of this nature by the Ecological Fund Office.

(iv) the final payment due to the contractor shuld be confirme and communicated to this Office taking due cognizance of the 52 weeks delay from September 2004 to September 2005 when the project was finally completed.

EROSION AND DYKE MITIGATION PROJECT

6.126(a) At the Sokoto Rima River Basin Development Authority, the approval of the award of the project of Erosion and Dyke mitigation project, Zauro pilot irrigation scheme, Kebbi State was conveyed in a letter Ref. EF/SFCP/1/266 of February 28, 2002 which had earlier been approved in a Council conclusion. The project was awarded to a contractor for the sum of ₦83,774,865.44 with 25% advance payment. The agreement was signed on March 27, 2002 and was to be completed in August, 2002.

(b) The design and the Priced Bill of Quantities for the project as well as scope could not be ascertained as at the time of the Audit Inspection. However, physical inspection at the site revealed evidence of dyke reconstruction while the earth drainage constructed had been covered back due to the heavy down pour that

occurred before the inspection. The project appeared abandoned after payment of the mobilization. On account of this,

(i) The Design and the Price Bill of Quantities for the project should be produced for audit examination;

(ii) The scope of work should be also stated; while

(iii) The contractor should be recalled to site to complete the project, otherwise, he should be made to refund the money paid for the project.

TUDUN WADA EROSION CONTROL PROJECT

6.127(a) Tudun Wada Erosion Control Project in Sokoto was awarded to a company in Benin City, Edo State at a contract sum of ₦96,668,634.30 in February, 2005 for a completion period of 12 months to be handed-over in February, 2006. The scope of work involved a drainage channel of 1000 meters made up of main-drain of 800 meters, other drainage channels of 200 meters.

(b) In the course of audit examination of the Price Bill of Quantities, it was observed that some items were either inflated or included to increase the quantities in the contract cost unnecessarily. Item A2.04, was the cost of living accommodation for Engineer's representative in the sum of ₦1,500,000.00 was observed to be high for a project located in Sokoto lasting for 12 months. The said living accommodation was not rented as neither documentary nor physical evidence was produced to authenticate the claim. The Management was requested to produce documentary evidence to show that accommodation was rented.

6.128 It was also noted that on item A2.07, the sum of ₦2,700,000.00 was claimed for purchase of vehicle while there was nothing to show that any vehicle was procured. The amount was said to have been used by the Engineer's representative for hiring taxis to and from the project site and other contingencies. This manner of usage seems at variance with the provision of extant regulation or any acceptable standard practice. It was therefore recommended that the vehicle should be procured immediately without further delay and produced for audit inspection. Alternatively, the money should be refunded to the government coffers.

6.129 Under item A2.08, the sum of ₦1,200,000.00 was voted in the bill of quantity for maintaining the vehicle so bought. However, since the vehicle was not bought as at the time of audit inspection, there would be no basis to charge any cost for maintenance. The entire sum of ₦1,200,000.00 should therefore be recovered from the contractor enbloc, forwarding recovery particulars for audit verification.

6.130 The sum of ₦35,255,178.42 had been paid to the contractor including the 25% advance payment. However, the pace of work was adjudged too slow since the expected date of handing over was February, 2006 and the project attainment level was just about 60% completion. Consequently, it was recommended that:

(a) The contractor should put more efforts in completing the project on time; and

(b) Furnish this office with the report on the progress without further delay.

TADA SHONG EROSION CONTROL PROJECT

6.131(a) The contract for the Tada/Shongo erosion control project was funded by the Federal Executive Council, in a Council's Conclusion of June 27, 2001. Subsequently, a letter with Ref. EF/SEFCP/Vol.H1/139 of July 9, 2001 conveyed the award to a contractor in Lagos for the sum of ₦276,000,000.00. The contract agreement stipulated that 25% of the contract sum, which was ₦69,000,000.00 was paid as mobilization on a payment voucher of February 14, 2002. The scope of the project involved the construction of flood embankment dyke along the perimeter of irrigation field and the village of Tada, which will protect the area from seasonal flooding. The irrigation field has areas of 3200 hectares while the entire length of the embankment was to cover a distance of 29.5 kilometers.

(b) The design consultant for this project had indicated that a distance of 29.5km was to be constructed in embankment dyke along the perimeter of the irrigation field as well as the village of Tada. This had been translated in the Priced Bill of Quantity to cost the sum of ₦232,206,250.00. However, the supervising consultant to the project has contended that the design was faulty and just about 10 kilometers of this distance needed since that was the critical area. The supervising consultant was silent on the cost implication of the reduced scope suggested by him.

(c) It was difficult for the audit team to agree with the opinion of the supervising consultant since the project quantity cost was based on a distance of 29.5 kilometers as against 10 kilometers executed by the contractor. Also, it appeared the authorities of the River Basin related the practice of over-bloating the design and bill of quantities only to later compress the actual execution to allow for a fictitious valuation to be raised to pull out the funds.

(d) Included in the project was a provision of a total sum of ₦15,722,000.00 meant for the construction of foot bridges and culverts. This was observed not executed by the contractor.

(e) It was therefore recommended that:

(i) This project should be thoroughly investigated and the report of such investigation should be forwarded for audit verification. The appropriate valuation of the job done should be carried out and any resulting over-payment should be recovered and the recovery particulars forwarded for audit verification.

(ii) The actual scope of the project should be explained; and

(iii) The authorities of the River Basin should explain the reason for over-bloating the design of works beyond the critical areas.

(iv) The contractor should be made to refund the sum of ₦15,722,000.00 to the Federal Government for job not executed and the recovery particulars forwarded for audit verification.

AYEGUNLE-AYETORO GBEDE EROSION CONTROL PROJECT

6.132(a) A letter Ref. No. EF/SEFCP/Vol.VI/T2/17 of January 11, 2005 from the Ecological Fund conveyed the approval of the award of contract for Ayegunle - Ayetoro Gbede Erosion control to a company in Abuja by the Federal Executive Council at the sum of ₦264,869,515.80. The contractor was mobilized to work in February and it was to be handed over in September 2005, being 8 months duration.

(b) Physical audit examination of the Priced Bill of Quantities and the design that was used for the award revealed that they were altered shortly after the award was made. It was not understood why the executing agency chose to alter these documents after the cost implication for the project had been finalized. The executing agency did not produce any design for the Ayegunle-Gbede site.

The two locations were divided into lots.

Thus, Lot 1 Ayegunle-Gbede	Preliminaries	₦187,816,129.30
Lot 2 Ayetoro-Gbede		64,440,552.00
		₦252,256,681.30

(c) The consultants in their letter Ref. No. TCL/LN/RBDA/MD/23/08/05 of August 23, 2005 to the Managing Director of the River Basin conveyed a revised Bill of Quantities incorporating the new items of works such as surface dressing of the graded road and the newly introduced trapezoidal drain. Thus, the revised Bill of Quantities for the lots were:

Lot 1Ayegunle Gbede Preliminaries	₦94,373,297.55
Lot 2 Ayetoro-Gbede	157,829,396.00
Add 5% VAT	12,610,134.68
	₦264,812,828.23

Many of the items quoted in the Priced Bill of Quantities were observed to be on the high side. For example, the sum of ₦500,000.00 and ₦800,000.00 were earmarked for office and residential accommodation, respectively under the preliminaries on a project that would just be for 8 months in a remote area of Kogi State.

(d) Physical inspection of the site in September, 2005 revealed that the Ayetoro-Gbede axis was being worked upon by the contractor while Ayegunle Gbede axis had not started. An inquiry from the executing agency as to why the contractor had

not commenced the execution of work on the Ayegunle Gbede axis did not yield any cogent explanation. Explanation was required as to why the:

(i) initial scope with which the approval of the project was granted was altered;

(ii) cost was on the high side; and

(iii) portion of the contract in Ayegunle Gbede had no design for it and when it will be executed.

KUTA FLOOD AND EROSION CONTROL PROJECT

6.133(a) The contract for the Kuta flood and erosion control project was approved by the Federal Executive Council at its meeting of March 7, 2001 for the sum of ₦142,516,946.00 to be awarded to a contractor. The project was to be executed within 9 months, that is, July, 2001 – March, 2002 and the contractor duly mobilized in June 2001. The scope of the works comprised the construction of a total of 4250 drainage channels around the northern end of the town in Kuta where there was soil erosion. It also included the construction of lined drainage to relief flooding on David-Mark Road, which was the arterial road through the town.

(b) Three (3) types of drainage channels were to be constructed and they varied in dimension including other associated works such as filling up and compacting eroded area with laterite, stone pitching and grassing of embankment slope.

(c) A provisional sum of ₦3,200,000.00 was provided for the construction of 2 units 3 bedroom flats. No such building existed at the site even though the sum of ₦400,000.00 had been provided for the Kuta site earlier.

(d) The following issues are therefore required to be clarified:-

(i) The inclusion of the sum of ₦3,200,000.00 in the Priced Bill of Quantities for building and why the building structure was not erected;

(ii) Also, the sum of ₦3,200,000.00 should be refunded to the government coffers since the building was not erected; and

(iii) Provision of detailed valuation of the cost of the said building.

6.134 Equally under the preliminaries, ₦6,000,000.00 was earmarked for purchase of 3 no vehicles for the project (brand and model not specified). No vehicle was purchased for the project at the time of the audit inspection despite the fact that the contractor had been paid the mobilization fee of 25%. Consequently, the Authority has been requested to recover:

(i) The sum of ₦6,000,000.00 from the contractor for failure to purchase the vehicles and forward the recovery particulars for audit verification; and

(ii) Sums of ₦2,000,000.00 and ₦3,000,000,00, were paid for purchase of laboratory equipment and progress photographs respectively. In the course of the audit, no laboratory equipment had been purchased and progress photographs with their albums were not produced for my verification. The money should be recovered unless verifiable evidence of performance can be furnished.

6.135 In the course of auditing the accounting records it was observed that the River Basin was in the habit of diverting project fund to acquire office equipment that were not related to the projects e.g Items like fridges, televisions sets, photocopiers, computer hardware etc. A total amount of ₦6,610,307.00 was involved in the irregular expenditure. This practice negates the principle of accountability. The River Basin Authority was requested to justify the expenditure or refund the money involved.

ZANGO KATAF EROSION CONTROL PROJECT

6.136 The contract for the Zango Kataf Erosion control project was approved for award by the Federal Executive Council at its 44th meeting of October 31, 2001 Ref. EC(2001) to a contractor in Kaduna at the sum of ₦48,927,217.00. The contract agreement was signed on November 22, 2001 and it was to be completed within 6 months. It consisted of the construction of run-off water energy dissipating devices, drainage channels, retaining walls vegetation cover etc. Drainage is also to be re-aligned with reinforced concrete where necessary as per Engineers drawings and specification. The Priced Bill of Quantity (PBQ) prepared for the project had identified (three) 3 locations (Gullies 1,2 & 3) in Zango Kataf for the project. It was observed that details in the Priced Bill of Quantity were inconsistent with actual performance. For example, under the gully 2, the contractor was to construct a road-side drain but had instead embarked on the construction of a bridge leading to the Emir's Palace, while the gully 1 was poorly executed with undulating concrete drainage and many priced items abandoned. It was also observed that the gully 3 which cost the sum of ₦9,758,910.00 was not executed at all because another agency of government had taken it over. The Authority has been requested to explain why the:

(i) Project was not executed in accordance with the Priced Bill of Quantities

(ii) Engineer allowed the contractor to change the gully 2 from road site drain to bridge construction;

(iii) Gully 1 was poorly executed and many priced items abandoned; and

(iv) Sum of ₦9,758,910.00 for gully 3 which was not executed was not remitted back to Ecological Fund Account.

OGUNPA BEYOND EXPRESS CHANNELIZATION PROJECT

6.137 The Ogunpa Beyond Express channelization project was awarded in September, 2001 to a contractor at the sum of ₦125,381,858,18 with 25% advance payment amounting to ₦31,345,464.55 paid by Ecological Fund Office. Physical audit inspection visit to the project site revealed that the contractor was yet to establish a functional site office and it appeared the contractor was not serious about executing the job despite the fact that an advance mobilization sum of ₦31,345,464.55 had been paid.

(i) Explanation should be given as to why the contractor failed to appear at the site despite the advance payment of the sum of ₦31,345,464.55; and

(ii) The present situation of the project should be communicated to this Office immediately.

NDONI TOWN FLOOD AND EROSION CONTROL PROJECT

6.138(a) A letter Ref. EC/SEFCP/1/399 of February 4, 2002 conveyed the award of the contract for the Ndoni Town Flood and erosion control to a contractor in Port Harcourt for the sum of ₦221,296,950.00. The sum of ₦55,324,237.50, being 25% mobilization was paid by the Ecological Fund to the contractor while the balance of ₦165,972,712.50 was paid to the River Basin (Niger Delta Basin Development Authority) that would supervise and pay the contractor based on the measured level of work achieved.

(b) The contractor was to execute the project covering an area of 10,000 m² with geo textile material and earth stabilization above water level, but was observed to have just attained 8,416.25m² according to the valuation made available. The contractor had abandoned the site due to none payment of accumulated interim certificates because the River Basin has diverted the sum of ₦46,472,359.50 meant for the project to other unexplained uses. Hence, the public could not enjoy value for which the money was allocated.

(c) The Management was asked to offer explanation why:-

(i) The project was not completed but abandoned; and

(ii) Fund meant for the project was diverted by the Niger Delta River Basin to other uses

All the above issues had been communicated to the Authority concerned for prompt action.

NIGERIA GEOLOGICAL SURVEY AGENCY, ABUJA

6.139 The audit examination of accounting and other related records maintained at the Nigeria Geological Survey Agency Headquarters, Abuja revealed that 29 officers were granted cash advances totalling ₦461,838,109.00 to carry out various capital projects without being retired at the time of inspection. Moreover, additional advances were granted to some of them without retiring the previous ones. Consequently, the Director-General has been requested to forward the retirement particulars to this office for verification and be advised that on no account should another advance be granted to an officer without retiring the previous one, contrary to Financial Regulation 1705 and 1710.

6.140 It was also noted that between 2005 and 2007, 30 No paid vouchers with the sum of ₦482,801,490.19 were not made available for audit examination during inspection. On account of this, I cannot certify the expenditure incurred on them as proper and legitimate charge against public fund. The Director-General has been requested to forward the vouchers to this Office, or in the alternative the amount of ₦482,801,490.19 involved should be paid back to chest, furnishing this Office with evidence of payment, for audit verification.

6141 During the posting of cheque stubs into the cash book it was discovered that between 2005 and 2007, 7 No cheques issued in various sums totalling ₦975,651,455.49 were reported to have been transferred without payment vouchers or schedules being prepared to cover the sum of money transferred or any narration in the cash book in support of the transactions undertaken, contrary to Financial Regulation No. 601. In view of the points raised above, the Director-General has been requested to:-

(i) explain, with reasons, why amount of that magnitude was transferred without detailed explanation through raising of payment vouchers or schedule and then entering the transaction into the cash book;

(ii) furnish details of the amount of ₦975,651,455.49 transferred showing the purpose of the transfers and the destination as well as authority for such transfers.

6.142 It was observed that 16 No cheques issued in various sums totalling ₦685,400.139.37 under capital expenditure were not supported with payment vouchers in contravention of Financial Regulation No. 601 which stipultes that “All payment entries in the accounts must be vouched for in one of the prescribed forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due….” The Director-General has been informed of the anomaly and he has been asked to produce the vouchers for examination in order to authenticate payments.

6.143 It was also observed that 2 No cheques were issued for the same service rendered by a contractor for the Air-Borne Geo-physical survey in the sums of

₦10,394,712.50 and ₦10,101,647.79 with cheque No. 00000184 and 00000185, respectively totalling ₦20,496,360.29. Worse still, the cheques were not even recorded in the cash book, to account for the expenditure. The Permanent Secretary has been requested to ensure that the sum of ₦10,101,647.79 is recovered from the contractor, furnishing details of recovery for audit verification.

6.144 Contract for the furnishing of the new Headquarters office in Kaduna, Kaduna State, was awarded to a company in Abuja at a contract sum of ₦12,869,734.00 on 16th January, 2007. Audit investigation conducted during the visit showed that the furniture items were not found in Kaduna. This implied that there was no performance on the part of the contractor even though he was fully paid for the services. Therefore, the sum of ₦12,869,734.00 involved should be recovered from the contractor and paid back to chest and the recovery particulars forwarded for audit verification.

6.145 Audit verification carried out at the National Research Library, Kaduna, Kaduna State showed that contracts for the supply of text books were awarded to two contractors for ₦8,896,400.00 and ₦8,800,000.00, respectively totalling ₦17,696,400.00, but contrary to expectation, the books were not supplied at the time of audit inspection. On account of this, the two contractors should be made to refund the sum of ₦17,696,400.00 involved and the receipt particulars forwarded for audit verification.

All the issues raised above have been brought to the attention of the Permanent Secretary for prompt action..

FEDERAL CAPITAL TERRITORY ADMINISTRATION

6.146(a) In February, 2006, the FCT Executive Committee set up an Implementation Committee for its proposed 102 affordable housing scheme at Karshi Satellite Town, Karshi, Federal Capital Territory which was meant for those whose buildings were demolished for building on unapproved land within Abuja city. The Implementation Committee was made up of 7 members, with the Administrator of Satellite Towns Development Agency (STDA) as chairman. The housing scheme project was divided into phases, and the first phase consisted of 28 housing units to be built within 2006 fiscal year. Contracts for the 28 housing units were awarded to 9 contractors at a total contract sum of ₦209,458,351.09, for a completion period of 16 weeks.

(b) In order to hasten the delivery of the 28 No. houses, the total sum of ₦200,000,000.00, which was the actual amount appropriated for this purpose in the Federal Capital Territory budget was transferred by the FCT treasury into the Satellite Town Development Agency's (STDA) account, controlled by the Administrator, on the 28th August, 2006,

(c) Audit inspection of the accounting and other records maintained by the FCTA revealed that Federal Capital Territory Tenders Board committed a contract sum of ₦209,458,351.09 against the sum of ₦200,000,000.00 which was actually provided for the scheme in the Appropriation Act of 2006. Thus, there was excess expenditure of ₦9,458,351.09 against the sum of ₦200,000,000.00 appropriated.

(d) Further investigation revealed that several months after the contractors had moved to site and commenced work, all the nine contractors protested on the fluctuation in prices of building materials, inadequacy of the Priced Bill of Quantities and other issues which became unavoidable so as to enhance the functionality and aesthetics of the projects. Consequently, each of the contractors pressed for upward review of the contract sum, with the total variation requested for, adding up to ₦7,382,013.40 This amount was approved by the Honourable Minister on 25th May, 2007.

(e) Meanwhile, at the time of physical verification of the housing project in May, 2008, none of the houses had been completed, in spite of the payment of a total sum of ₦136,468,271.52 to the nine contractors. It was gathered that the contractors became aggrieved because of non-payment of the upward review of their contract sums. Consequently, they were not willing to complete the housing projects. Progress of work however indicated that between 40% and 95% of the Hosing Units were completed. Each of the 9 contractors was assigned to build (3) three houses while only one was allowed to erect four houses.

(f) Audit investigation revealed that all the nine contractors had completed the building projects up to roofing level except one who, out of (3) three houses, completed only one up to roofing level, while another house had just reached the floor slab. This was the lowest performer of all the contractors and he was paid 35% of the contract sum, amounting to ₦8,178,465.38. Positive efforts should be made towards the completion of the 28 units of the Affordable Housing Scheme in order to avoid further effects of price fluctuation in building materials which could give rise to further price review by the contractors.

(g) Debits totalling ₦473,996.02 described as “Commissions on Turn-over” was observed on the bank account maintained for the Affordable Housing project at a Commercial Bank in Abuja. This is contrary to the provision of Federal Treasury Circular No. A4/B4 of 26th June, 2006 (i.e. OAGF/PRS/005/111/85 of 26/1/2001) which stipulates that “Public Sector Organizations shall not operate bank accounts on which Commissions on Turnover (COT) are charged by the Banks”. The attention of the Permanent Secretary has been drawn to the irregularities and he was asked to take up the issue with the Bank so as to get the debit entries reversed in favour of the Administration.

(h) The Permanent Secretary has also been requested to explain why the sum of ₦209,458,351.09 was committed for the Capital Expenditure as against the sum of ₦200,000.000.00 approved in the Appropriation Act of 2006.

All the issues raised above have been communicated to the Permanent Secretary for prompt action.

(Speedy Development Of Resettlement Sites And Some Selected Districts Within The Satellite Towns Of The FCT By Direct Labour

6.147(a) The Minister of the Federal Capital Territory (FCT) in April 2004 set up the Satellite Towns Development Agency (STDA), headed by an Administrator. The Agency was established for the purpose of accelerating the development of satellite towns. It was also to relieve the Federal Capital City (Abuja) of pressure on existing infrastructure, and to resettle occupants of areas earmarked for development. The Agency was, therefore saddled with the responsibility of:

- Opening up and developing satellite towns
- Providing Link roads for identified rural areas
- Providing potable water and electricity to these rural areas, and
- Developing the relocation and resettlement areas.

(b) To accelerate the opening up of some selected areas like Pegi (Kuje) Kuchiko, Gidan-Mangoro, Galuyi-Shere and Wasa, an eight-man team, called Federal Capital Territory Satellite Town Strategic Project Implementation Task Force (FCT, STSPITF) was also established in October, 2005, with the STDA Administrator as Chairman.

(c) In line with this objective, the Minister made a special request for the approval of Mr. President for the use of direct labour by the FCT to execute these developmental projects at a total cost of ₦1,339,589,659.30. The President, in his approval dated 18th April, 2006, directed the Minister to put responsible and honest people in charge. The Minister had explained to Mr. President that the main reason for opting for direct labour was to facilitate the speedy opening up of the selected areas meant for the resettlement and relocation of the dislodged communities.

Key Objectives of the Project:

(d) The audit review focused on the following key objectives:-

(i) embarking on the developments through direct labour – the extent to which direct labour approach provided immediate accessibility at a far lower cost to the government than awaiting budgetary findings;

(ii) provision of basic infrastructure like roads, water and electricity;

(iii) ensuring strict adherence to the amount approved by the President;

(iv) assess the quality of internal control system put in place in the expenditure of the amount granted; and

(v) ascertaining that value for money was derived from the projects.

Advances:

(e) During the audit inspection, it was observed that non-personal advances totalling ₦1,970,096,829.10 were granted to engineers, officers of Satellite Towns Development Agency (STDA) and members of the Task Force, by the Chairman (STSPITF), between December, 2005 and December, 2007. This remained the only method of payment for work carried out, by engineers and officers of an organization which did not adequately have enough human, material resources and equipments for the execution of such large projects.

Internal Control Weaknesses:

(f) Internal check and control over disbursement of funds was very weak. The procedure of disbursement and retirement of all the non-personal advances was irregular. The Accountant attached to the projects was not effective enough, while all the provisions of the Financial Regulation were violated. The project officers who designed the jobs, identified contractors and supervised the jobs were the same as those who approved the payments to the contractors as they produced their bills.

Take-Off Grant:

(g) An audit examination of the Task Force bank account with a Commercial Bank in Abuja revealed that the total sum of ₦79,000,000.00 was transferred from STSPITF account to a Take-off-grant account. No bank statement was produced for the Take-off-grant account, and details of transactions therein were not known.

PEGI Site:

(h) An approved sum of ₦300,000,000.00 was earmarked for the opening up of the internal roads and the improvement of existing ones within the relocation site of Pegi. The project commenced in December, 2006, and by October, 2007 the total sum of ₦241,019,358.44 has been expended. However, at the time of physical audit verification in June, 2008, most of the roads that were opened up were being threatened by erosion because drainages were not constructed along the roads.

Yangoji, Kwali Area Council

(i) The objective of opening up Yangoji in Kwali Area Council, was to relocate all those displaced after the demolition of Chika, Alaita and Pyakassa. It was however, observed that almost two and half years after direct labour had commenced in order to guarantee speedy relocation of the displaced people, no one had moved to the site. The roads that were opened up had been over grown with weeds. There were no provisions for drainages along the sides of

the roads to at least control the effects of erosion. Consequently, almost all the roads had been affected by erosion and deep gullies. The estimated cost of opening up this site was ₦155,883,454.00, but was exceeded by the sum of ₦11,544,999.45, resulting in a total expenditure of ₦167,428,453.45. An explanation is needed on this excess expenditure including authority for it.

Gidan – Mangoro:

(j) The estimated cost of opening up roads and important local streets in Gidan-Mangoro was ₦261,717,246.00, although the sum of ₦188,134,683.20 was actually expended between March, 2006 and October, 2007. The displaced indigenes of Ungwan-Mada, for whom Gidan-Mangoro was being opened up, were yet to access the plots allocated to them at the time of physical verification in June 2008. Audit verification showed that the opening up of access roads ceased abruptly. All the important local streets, which were opened up, had been overgrown with weeds and had almost disappeared since work was suspended on the site. The roads were not provided with drainages and culverts in order to control erosion. Consequently, no construction or development activities were carried out on the plots allocated to the people of Ungwan-Mada.

Wasa Site:

(k) The opening up of internal roads within the resettlement site of Wasa, in Abuja Municipal Area Council was estimated to cost ₦215,265,218.10, and was earmarked for the displaced people from Apo Village. The target of opening up roads and local streets could not be met, even after the expenditure of the sum of ₦111,141,028.35 out of ₦215,265,218.10. However, the level of development activities being carried out here was observed to be substantial.

Bwari – Kau – Shere Road:

(l) Out of the estimated sum of ₦216,376,146.00 earmarked for the opening of 82 kilometers of roads, and the rehabilitation of the existing Bwari-Kau-Shere road, the sum of ₦214,894,291.84 was expended by the Task Force between August, 2006 and December, 2007. Audit investigation revealed that only 70 kilometers of roads was achieved, and that some of the culverts constructed to control erosion were being threatened by the activities of the local women who carry out quarry activities within the vicinity of the culverts. An explanation is required as to why the remaining 12 kilometer road was left out and why less than 85.4% of work was done whereas 99.3% of contract sum had been paid.

Kuchiko Site:

(m) The proposed estimated cost of opening Kuchiko site in Bwari Area Council was ₦125,829,137.50, and this site was meant for the relocation of those displaced from Jabi Village. The opening up of roads involved 6 kilometers of important local streets, and 30 kilometers of local street, with culverts. In all,

the total sum of ₦117,615,139.00 was expended on the roads, between December, 2005 and April, 2007. However, at the time of audit inspection, most of the roads were no longer motorable, having been overgrown with weeds. The displaced people of Jabi Village could not relocate, and the project appeared to be a waste of resources.

ELECTRIFICATION SCHEME

Wasa Site:

(n) An estimated cost of ₦104,948,297.06 was earmarked for the electrification of Wasa, while that of Pegi was to cost ₦160,299,546.18. Details of work in both places were to include erection and dressing of poles, overhead line networking, distribution and injection substations, and testing commissioning. Out of the sum of ₦104,948,297.00 earmarked for Wasa, only ₦51,272,248.00 was committed to the project. A few low tension poles were erected, and distribution transformers, feeder pillars, some meters of aluminum conductors and other materials procured lay fallow at the site and prone to theft. At the time of inspection in June, 2007, the project had been on for over 15 months, and the pace of work was observed to be very slow.

Pegi Site:

(o) At Pegi relocation site, the sum of ₦147,055,371.50 out of the estimated cost of ₦160,299,546.18 had been spent, and substantial work was seen on ground. However, distribution and power transformers procured were yet to be installed. There is an urgent need to complete the remaining part of the projects in order to realize the value of the various amounts already spent.

WATER SCHEME

Cash Advances:

(p) Cash advances totalling ₦303,048,609.80 were given to the Director, Federal Capital Territory Water Board between March, 2006 and December, 2007 for the provision of water schemes at Pegi, Karshi Affordable Housing Yangoji,, Kuchiko, Gidan-Mangoro, Lokogoma, Chibiri, Apo Mechanic Village and Galuyi-Shere. However, about 80% of the water scheme could not be used. For example, the submersible pumps and the generators required to power the boreholes that were drilled, were not yet installed at the time of inspection in June, 2008. The value of the expenditure is not being realized.

Purchase of Submersible Pumps:

(q) It was also observed that the sum of ₦14,600,000.00 was paid for the purchase of 73 No. two-horse power (2h/p) submersible pumps, at the rate of ₦200,000.00. But an in-house market survey revealed the price, at the time of audit, to be ₦80,000.00 each which was an over-pricing by ₦120,000.00 per pump, resulting in a total over-pricing of ₦8,760,000.00. In addition, there was a wrong specification in the supply of 15 one-horse power (1h/p) submersible pumps, out of the 73 (2h/p) pumps, and the market survey price

of one-horse power pump was ₦25,000.00 which further aggravates the overpricing.

Purchase of Generating Sets:

(r) Furthermore, out of 38 No generating sets purchased to power the water boreholes, only 8 No were successfully installed in Pegi, Wasa, Lokogoma and a few boreholes within the relocation sites. Out of the remaining 30 generating sets, 28 were moved to the Federal Capital Territory Water Board Store located at Usman Dam, while 2 No generators, amounting to ₦3,200,000.00 could not be accounted for.

Conclusion:

(s) In conclusion, it is apparent that the direct labor method employed in the development of the relocation site was not cost effective. Direct labour means labour employed directly; which involves using the human, material resources and equipments belonging to the organization for the execution of the projects. Incidentally, neither the Satellite Town Development Authority, nor the Task Force placed under it, had any machineries, such as graders, caterpillars, tractors, cranes etc. Therefore, when the contractors selected to help in the direct labour had done the work assigned to them, they left with their equipments and machineries. This can be attributed to lack of proper planning, and a great misconception of the idea of the principle of direct labour. The result was inefficiency, overpricing, uncompleted or outrightly abandoned jobs. The Permanent Secretary has been requested to address the issues raised above.

UNIVERSITY OF AGRICULTURE, ABEOKUTA

6.148. A contract for the construction of students Hostel was awarded for a total sum of ₦29,076,133.80 to a company on 18th April, 2002 with a completion period of 24 weeks. 30% mobilization fee amounting to ₦8,722,840.10 was paid to the contractor in 2002. In October, 2005, the same contract in the same sum was re-awarded to the same contractor and the contract sum fully paid as per Due Process Certificates of payment Nos 519/S.8/Vol.VIII/179 for ₦7,269,033.45 and 2519/S.8/Vol.VIII/213 for ₦21,087,100.35 dated 30th December, 2005. An audit visit to the project site revealed that substantial part of the job valued at ₦2,138,570.80 was not done. The Vice-chancellor has been requested to direct the contractor to complete the job and/or recover the sums of ₦2,138,570.80 for job not done and ₦8,722,840.10 being 30% mobilization fee earlier paid.

6.149 A contract for the supply and installation of 1 No. 2.5 MVA step-up Transformer (ABB) awarded to a company on October, 13, 2005 with a completion period of 6 weeks was in May 11, 2006 reviewed to ₦9,480,000.00 and the sum of ₦6,975,000.00 was paid in 2 installments of ₦1,975,000.00 and ₦5,000,000.00. An

audit project site visit in November, 2007 revealed neither supply nor installation of the Transformer was made.

The Vice-chancellor has been requested to determine the contract, recover the amounts paid so far and forward the recovery particulars for audit verification.

All the issues have been communicated to the Vice-chancellor for prompt action.

FEDERAL MINISTRY OF JUSTICE HEAD OFFICE

6.150 The contract for the construction of the Head Office Building of the Federal Ministry of Justice, Plot No. 710, Central Business District, Abuja was awarded to a company on 26th April, 2000. The initial contract sum was ₦1,524,243,668.44 with a completion period of 104 weeks; later an increase of ₦1,330,097,004.87 was approved by the Federal Executive Council (FEC) which brought the new contract sum to ₦2,854,340,673.31. Value Added Tax (VAT) inclusive. During the audit of the capital project, the following irregularities were observed:-

(a) Amounts totalling ₦102,615,889.70, representing the combined value of Value Added Tax (VAT) and Withholding Tax (WHT), was not deducted from the payments made between year 2000 and 29th September, 2006, thereby depriving the Federal Government of the much needed revenue.

(b) The following documents were not furnished for audit examination and verification, in spite of the repeated requests, contrary to Financial Regulations and extant circulars.

(i) The original copy of the priced Bill of Quantity (BOQ) for the initial contract sum of ₦1,524,243,689.40.

(ii) The original contract Agreements for both the initial contract sum and the approved increase.

(iii) The title documents (e.g. certificate of Occupancy (C of O) or Federal Capital territory (FCT) land allocation papers) for Plot 710 on which the building is situated.

(iv) The Federal Inland Revenue Service (FIRS) Certificate for VAT and Receipts for WHT as evidence of remittance of the sum of ₦156,950,108.00, being the combined value of Value Added Tax and Withholding Tax deducted from some payments.

The issues of recovery and furnishing of the outstanding documents have been taken up with the Permanent Secretary/Solicitor-General of the Federation.

6.151 A payment voucher dated 8th May, 2003 for ₦382,694,837.37 in favour of the contractor was said to have been cancelled in May, 2003, without any sign of cancellation. Subsequently, another payment voucher dated 5th June, 2003 for the same amount was raised and paid in replacement. However, it was observed that:

(i) Before the purported cancellation, amounts totalling ₦38,269,483.74 had been deducted as Value Added Tax (VAT) and Withholding Tax (WHT); the deductions were not reversed to the project account after cancellation.

(ii) Surprisingly too, the same cancelled payment voucher dated 8th May, 2003 with the original value of ₦382,694,837.37 re-surfaced and was used to acknowledge the payment of ₦32,428,348.59 on 27th April, 2006, exactly 3 years after "cancellation". The various payments should be investigated with the outcome forwarded to me for verification.

The irregularities have been taken up with the Permanent Secretary for clarification.

6.152 The supporting documents attached to the replacement voucher dated 5th June, 2003 showed that out of ₦382,694,837.37 of the voucher value ₦381,822,656.71 was an advance payment (valuation No. 7 of 15th November, 2002). However, rather than presenting an advance payment bond from a reputable bank as specified by the extant financial circular, the contractor submitted an insurance performance bond, which is not acceptable as a guarantee for the release of the advance payment component (₦381,822,656.71) of the voucher value. The Permanent Secretary has been requested to make available the bank performance bond on which he relied to release the huge sum for audit verification.

6.153 The Ministerial Tenders Board (MTB) awarded the contract for the computerization of the Head Office Building to a company on 1st February, 2005 at a contract sum of ₦24,895,759.10, including Value Added Tax (VAT), with a completion period of 30 days. It was, however, observed that:

(i) An insurance performance bond, rather than bank bond was submitted for the payment of ₦6,250,000.00 mobilization fee.

(ii) The contract sum was inflated to ₦25,000,000.00 without the authority of the original awarding body, the MTB, resulting in ₦104,240.90 increase on the approved amount.

(iii) The sum of ₦6,250,000.00 was transferred from the Central Bank of Nigeria (CBN) capital account to the Ministry's account No. 11012060109 without the approval of the Accountant-General of the Federation (AGF). This action made possible the evasion of payment of VAT & WHT totalling ₦595,238.00

on the mobilization fee, as there was no evidence of remittance of the deductions, contrary to Vat Act No. 102 of 1993. This should be recovered and recovery particulars forwarded to for audit verification.

All The irregularities have been taken up with the Permanent Secretary for his comments.

6.154 The sum of ₦337,277,512.96 was paid to the contractor on a payment voucher dated 31st December, 2003, without following due process as evident by the following irregularities observed on the payment:-

(i) There was no valuation statement from the consultants, showing the amount of work done i.e. the payment was made without the knowledge of the consultants. The valuation statement should be produced for audit examination.

(ii) There was no formal request for the payment by the contactor.

(iii) The related Value Added Tax and Withholding Tax of ₦16,865,875.65 each, totalling ₦33,727,751.30 deducted from the payment has no evidence of remittance to the Federal Inland Revenue Service (FIRS), contrary to VAT Act 102 of 1993 and Financial Regulation No. 334. The sum of ₦33,727,751.30 should be remitted to Federal Inland Revenue Service (FIRS) with remittance particulars forwarded for audit verification.

The irregularities have been taken up with the Permanent Secretary for his comments.

6.155 During the physical inspection of the Building, the following anomalies were detected:-

(i) The landscape arrangement of the building was changed from interlocking to plane surface without a corresponding reduction in the cost.

(ii) The following 3 contracts, outside the main Head Office contract were awarded without first determining the cost of each project, and without the approval of Federal Executive council – the original approval body:

- Provision of access road
- Provision of light to the road
- Sinking of borehole etc.

There was also no tendering, the prices were determined post execution, in order to circumvent the approval of higher authority (MTB or FEC). The documents relating to the award and execution of these contracts were not made available for audit

examination and verification. These anomalies have been taken up with the Permanent secretary for his comments.

6.156 The consultants underpaid Withholding Tax (WHT) totalling ₦2,919,834.07 from the pre-contract payments made to them. The rate of Withholding Tax (WHT) on consultancy for companies is 10%, but the individual rate of 5% was applied to the consultants, resulting in the underpayment. The Permanent Secretary has been requested to recover the money and furnish the evidence of recovery, for audit verification. The Building was commissioned in March, 2007, yet the Final Account and the subsequent payments documents were still being awaited for audit examination and verification as at August, 2007.

The Solicitor-General of the Federation/Permanent Secretary has been requested to furnish me with final accounts of the project and the other outstanding documents for audit examination and verification.

6.157 The contract for the supply and installation of a central air-conditioning system to the new Head Office Building of the Federal Ministry of Justice was awarded to a contractor at a contract sum of ₦382,673,601.00, to be completed by the end of September, 2006. However, the following irregularities were observed in the award, payment, and execution of the job:-

(i) The award was uncompetitive because the company that had the higher bid (₦382,673,601.00) – got the job at the expense of another company with a low bid of ₦364,000,000.00 and extra structural work to be done within the amount, contrary to Financial Regulation No. 2902.

(ii) The company that was awarded the job was given the job in spite of concern expressed by the experts about the tropic-unfriendly nature of the R410 Refrigerant used in its Carrier Brand of Air-conditioner.

(iii) The sum of ₦138,689,856.71, representing 36.24% of the contract sum of ₦382,673,601.00, was paid directly to the company on 29th September, 2006 as an advance payment to enable the contractor deliver on schedule. However, the advance payment bond was not made available for sighting as requested. The bond should be produced for audit verification ortherwise explanation should be given for violating extant regulations.

(iv) The 5% Value Added Tax and another 5% Withholding Tax worth ₦6,604,279.00 each, with a combined value of ₦13,208,558.00, were not deducted from the payment, contrary to Vat Act 102 of 1993. This should be recovered from the company, remitted to the FIRS and the payment particulars submitted for audit verification.

(v) Nevertheless, the main contractor has handed over the Building to the Ministry in March, 2007; however, as at Thursday 31st January, 2008, 16

months after the installation ought to have been completed, the favoured company has not installed air conditioners in the complex building that was designed to rely less on natural ventilation.

All the irregularities have been taken up with the Permanent Secretary/Solicitor-General for thorough reappraisal, explanation and prompt action.

NATIONAL HEALTH INSURANCE SCHEME (NHIS)

6.158. During the audit of capital project/programmes executed by the National Health Insurance Scheme (NHIS) from January, 2001, to December, 2006 it was observed from the examination of 2001 capital vote book that amounts totaling ₦28,268,044.04 was transferred from capital vote to procure items that were not capital in nature, yet there were no virement warrant issued to support the unauthorized transfer of the funds from capital to the recurrent subheads. However, six years after the unauthorized virements, there was no evidence of return of the funds to capital account. Samples of such unauthorized virements are as follows:-

	₦
• Capital to rent	23,508,701.59
• Capital to recurrent	1,232,000.00
• Capital to unspecified office items	3,527,342.45
	28,268,044.04

The unauthorized transfer of the sum of ₦28,262,044.04 so transferred from capital account should be explained.

6.159 Value Added Tax (VAT) and Withholding Tax (WHT) totalling ₦4,063,280.00 was not deducted from the contracts financed with the unauthorized virement. The sum of ₦4,063,280.00 should therefore be recovered from the contractors and remitted to Federal Inland Revenue Service, forwarding remittances particulars for audit verification.

6.160 The sum of ₦1,392,000.00 was paid to a company on 31st December, 2001 for the lease of 2 No. office accommodation at ₦48,000.00 each, per annum (PA), for 2 years at Nos. 3 & 9, Nubi Road, Yola. Earlier in April, 2001, the Agency and Legal fees of ₦62,640.00 each were paid to the company on two vouchers dated 9th April, 2001, for the two offices. The question now is why the agency and legal fees were paid before the rent was due in December, 2001? However, if the offices cost ₦48,000.00 each per annum, as stated, then the total cost of the two offices for 2 years should be ₦192,000.00 and not ₦1,392,000.00 paid. It, therefore, implied that the company was over-paid by ₦1,200,000.00 on rent, and some other amounts to be determined on Agency and Legal fees, when the actual cost of the rent is agreed. The issues of determination of overpayment on the Agency and Legal fees, and the

recovery of the ₦1,200,000.00 have been taken up with the Executive Secretary for his comments.

6.161 In a related transaction examination of two payment vouchers dated 10th September, 2001 for ₦3,000,000.00 in favour of a company and 25th October, 2001 for ₦2,400,000.00 in favour of another company, revealed that both payments were for the same item of 2 years rent in Port Harcourt Zonal Office, for the same period. The result is an overpayment of ₦2,400,000.00 to the Agent. This money should be recovered from the Agent with the recovery particulars forwarded for audit verification.

6.162 The contract for the supply of 38 No computers was awarded to a company at a contract sum of ₦16,732,760.00. The sum of ₦16,732,760.00 was paid on 31st March, 2005 (Value Added Tax inclusive). However, it was observed that the burden of the related Withholding Tax worth ₦836,638.00 was not borne by the contractor as required by the extant tax circular which clearly placed the burden of VAT on the service consumer (NHIS), and that of the WHT on the service provider the company. By this in-built tax practice, the contractor cleverly made NHIS to bear the burden of both VAT and WHT, simply by adding 10% taxes in his quotation as though this was one of the items to be supplied before arriving at the contract sum of ₦16,732,760.00. The issues of recovery and remittance to Federal Inland Revenue Services have been taken up with the Executive secretary for his comments.

6.163 Contracts for printing and erection of 6 No. each of NHIS billboards, in 22 States were awarded to various contractors at non-uniform prices, totalling ₦86,319,750.00 between March and June, 2006. However, during the physical audit inspection of a sample of the projects, it was observed that 29 billboards valued ₦19,305,750.00 were not seen at the position where they were expected to have been planted. The Executive Secretary has been advised to immediately recover ₦19,305,750.00 from 5 contractors that did not execute their contracts forwarding recovery particulars for audit verification.

6.164 The contract for capacity building for members of the National Assembly on the operations of NHIS was awarded to a consultant at a total contract sum of ₦17,865,000.00. The mobilization fee of ₦4,466,250.00, being 25% of the contract price, was paid to the contractor on 17th January, 2006. However, it was observed that the payment voucher lacked the following supporting documents.

(i) The minutes of the NHIS Governing Council meeting that approved the workshop was not made available.
(ii) The advance payment bond from a reputable bank that guaranteed the release of ₦4,466,250.00 was also not made available.

(iii) The formal contract Agreement between NHIS and the consultant was not sighted.

These vital documents should be produced for audit examination, otherwise the payments will be not be accepted as legitimate charges against public funds. The attention of the Executive Secretary has been drawn to these irregularities, for his comments.

6.165 A contract worth ₦19,959,000.00 for organizing media campaign for NHIS was split into 6 subs-contracts, and 5 out of the 6, totalling ₦13,079,000.00 in value were awarded as separate contracts to a contractor in May, 2001 in order to circumvent the approval of a higher authority. The following irregularities were, however, observed:-

(i) 30% mobilization fee and the balance of 70% contract cost were paid within 24 hours for the 5 sub-contracts; the mobilization fees were paid on 7th May, 2001 and the balance of 70% cash was paid on the following day – 8th May, 2007, implying that the 100% contract sum was virtually paid upfront.

(ii) The related VAT & WHT, totalling ₦1,787,100.00 was deducted on paper, but there was no evidence of remittance to FIRS. This must be recovered and remitted to FIRS immediately, forwarding receipt particulars for audit verification.

(iii) Formal contract Agreements for the jobs were not sighted.

The Executive Secretary has been requested to comment on this development and furnish me with these vital documents for audit verification.

6.166 The contract for the registration and production of users ID cards for the NHIS operations under the formal sector was awarded to a company at a contract sum of ₦864,725,036.00. As at the time of audit inspection in December, 2006, three part-payments totalling ₦790,110,447.75 had been made to the company, leaving a balance of ₦74,614,589.00. It was, however, observed that:

(i) The minutes of the meeting of the body that approved the award of the contract was not sighted.
(ii) The formal contract agreement between NHIS and the Image Techs is yet to be sighted.

The Executive Secretary has been requested to furnish me with the necessary supporting documents for audit verification.

6.167 Contracts worth ₦129,330,000.00 for the production of 56,600,000 copies of various NHIS forms were grouped into 7, and awarded to 7 separate contractors in January, 2006. Each of the contractors was paid 25% mobilization fee. However, the following irregularities were noted in the payment process:

(i) The advance payment bonds as guarantee for the release of the 25% each of the contract sums to the respective contractors were not seen.

(ii) The minutes of the Governing Council that approved the contracts were not sighted.

(iii) The formal Contract Agreements between NHIS and the contractors were also not seen.

(iv) There were no store receipt vouchers to prove that the forms were taken on store ledger large for accountability, as required by Financial Regulation No. 2206.

The Executive Secretary has been asked to provide the vital documents for audit verification.

6.168 The sum of ₦17,980,570.50 was paid to a company for the renovation of the NHIS Lagos, Zonal Office, on 28th March, 2006 and another sum of ₦14,500,000.00 was paid to another company for the furnishing of the same Lagos Zonal Office which brought the total cost of the two contracts to ₦32,480,569.44

The following anomalies were noted:-

(i) The Contract Agreements were not sighted

(ii) The evidence of remittance to FIRS of the Value Added Tax and the Withholding Tax totalling ₦3,248,057.06 (deducted from the two contracts) was not sighted. This money should be remitted to the appropriate Tax Authority with remittance particulars forwarded for audit verification.

(iii) During physical inspection, it was noted that:-

- Some of the replaced doors have gone bad so soon, and their locks (key) were of low quality.

- Fourteen (14) split units of the newly installed Air-conditioners have not been functioning since the time of installation. The contractors should be recalled to repair the affected parts.

The anomalies have been taken up with the Executive Secretary for necessary action.

6.169 The former Head Office of NHIS, located at Plot 347F, Coree Bay Crescent, Wuse 2, Abuja, was bought from a company with Certificate of Occupancy dated 14th February, 2007. Details are as follows:-

			₦
●	Cost Price	=	345,500,000.00
●	Agency Fee	=	17,275,00.00
	TOTAL	**=**	**₦362,775,000.00**

Presently, a new Head Office at Plot 297, Yar'Adua Way, Utako District was bought from another company and is being occupied by NHIS. However, it was observed that:

(i) There was no evidence of deductions or remittance of Value Added Tax and Withholding Tax worth ₦17,275,000.00 each, totalling ₦34,550,000.00, contrary to VAT Act No. 102 of year 1993 and Financial Regulation 334.

(ii) The details of purchase of the Utako Office were not made available for audit verification.

The Executive Secretary has been requested to recover the total sum of ₦34,550,000.00 Value Added Tax and the Withholding Tax and remit same to the FIRS. He is also requested to furnish the Utako Head Office documents and other outstanding documents for audit examination and verification.

SECTION 7

PERIODIC CHECKS OF STATUTORY BODIES

7.0 PERIODIC CHECKS OF STATUTORY CORPORATIONS, COMMISSIONS, AUTHORITIES ETC.

NIGERIAN PRESS COUNCIL, ABUJA

7.1 During periodic checks carried out at the Nigerian Press Council, Abuja, it was observed that mandatory deductions of 5% each for VAT and Withholding Tax (WHT) amounting to ₦439,028.56 were not effected in respect of the payments made to some contractors by the Council, thereby depriving the Federal Government of revenue of the same amount during the year, in contravention of the VAT Act, 1993 and Financial Regulation No. 334. The Executive Secretary has been requested to recover the sum of ₦439,028.56 and remit the same to the relevant tax Authority, forwarding particulars of payment for audit verification.

7.2 50% advance payments totalling ₦9,078,302.50 were made to 3 contractors before the execution of the contracts amounting to ₦18,156,605.00 awarded them. Whereas, Federal Ministry of Finance circular F15775 dated 27th June, 2001 set the ceiling of mobilization fee at 25% of the contract sum where necessary and appropriate. The Executive Secretary has been asked to ensure that the ceiling of 25% of contract sum for mobilization is strictly complied with when making advance payments.

7.3 Excessive cash withdrawals were made by the cashier for payment of salaries and other sundry expenses totalling ₦16,450,302.95 between March and September, 2005 contrary to the government policy which specified that the salaries due to staff must be paid through the commercial banks to avoid payment of salaries to ghost workers. The Executive Secretary has been requested to explain the defiance of extant regulations and to ensure that payments of staff salaries in cash should be discontinued. All the salaries of the staff must be paid to the banks in compliance with the extant regulation in order to avoid irregular payments to ghost workers.

7.4 The examination of payment vouchers revealed that the Council contracted out part of Finance and Accounts Department duty of opening and maintaining a Fixed Assets Register at a fee of ₦4,500,000.00 to a consultant. It also paid 50% mobilization fee totalling ₦2,250,000.00 instead of the 25% ceiling approved by extant regulation. The Executive Secretary has been asked to comment on these anomalies.

7.5 Amounts totaling ₦14,037,861.00 were paid to some beneficiaries without the payees' signatures on the relevant payment vouchers, contrary to Financial Regulation No. 613. All the issues have been communicated to the Executive Secretary for his comments which are still being expected.

FEDERAL MEDICAL CENTRE, BIRNIN KUDU, JIGAWA STATE

7.6 At Federal Medical Centre, Birnin Kudu, Jigawa State, it was observed that 9 payment vouchers raised in July and August, 2006 amounting to ₦25,918,502.90 were paid to 4 contractors as mobilization fees for contract jobs undertaken for the Centre without Bank Guarantees attached to the payment vouchers as required by Public Procurement Act Section 26(i). The Chief Medical Director has been requested to explain the violation of government rules and regulations.

7.7 An examination of the Bank Statements of the Personnel and Overhead Costs revealed irregular transfer of cash balances between the end of December, 2006 and the beginning of January, 2007 with an unfavourable difference of ₦87,207,097.20. The Chief Medical Adviser has been requested to explain the anomaly.

7.8 An audit sample check of thirteen(13) payment vouchers raised between August 2006 and January, 2007 for amounts totalling ₦4,179,275.16 revealed that the vouchers were paid without the acknowledgement of the payees, contrary to Financial Regulation No. 613. The attention of the Chief Medical Adviser has been drawn to the irregularity and he was asked to produce the relevant documents to authenticate the payments.

7.9 (18) eighteen payment vouchers were raised between January, 2006 and December, 2006 for amounts totalling ₦70,797,616.25 from the Capital Expenditure Vote of the Centre and paid without the supporting documents such as Letters of award, Minutes of the Tender Boards Meeting, Certificate of job completion etc, to authenticate the payment. The Chief Medical Adviser has been requested to produce the vital documents to authenticate the payments for audit verification.

All the anomalies have been communicated to the Chief Medical Adviser for prompt action.

ABUBAKAR TAFAWA BALEWA UNIVERSITY BAUCHI

7.10 At Abubakar Tafawa Balewa University, Bauchi, Bauch State, it was observed that 10 payment vouchers raised to pay various contractors who supplied goods and services to the University amounting to ₦10,513,400.00 approved by the Vice Chancellor should have been referred to the Governing Council for approval as the amounts were above the approval limit of the Vice Chancellor. This was a flagrant violation of the provision of Financial Circular No. F15775 dated 27th June, 2001, issued by the Honourable Minister of Finance, which set expenditure approval limit of Chief Executives of Parastatals to ₦700,000.00. The Vice Chancellor has been

asked to explain this anomaly and to always comply with the procedures for the award of contracts in the public sector.

7.11 Audit scrutiny of 35 payment vouchers totalling ₦177,564,557.55 relating to overhead cost vote were paid from Personnel Cost Vote, contrary to the Financial Regulation 517, which required vote to be applied only for the purpose for which the money is provided. It is important to note that Personnel Cost Vote cannot be vired or used for any purpose other than payment of salaries and wages. However, no explanation was given by the Vice Chancellor on why the above provision of the Financial Regulations was violated. The irregularity has been conveyed to the Vice-Chancellor for explanation.

7.12 93 payment vouchers amounting to ₦254,771,277.44 were paid without being reviewed or pre-audited by the Internal Audit Unit contrary to Financial Regulation 2011. The Vice Chancellor has been informed of this anomaly and urged to ensure that all payment vouchers are pre-audited by the Internal Audit Unit before payments are made in line with extant Financial Regulations.

7.13 22 cheques for amounts totaling ₦264,046,222.00 were issued and paid to various contractors who supplied goods and services to the Institution before the relevant payment vouchers were raised contrary to Financial Regulation No. 603 which stipulates that "all payment entries in the accounts must be made out in favour of the person or persons to whom the money is actually due. Under no circumstance should a cheque be raised or cash paid for which a voucher has not been raised". The irregularity has been communicated to the Vice-Chancellor for explanation.

7.14 In the course of audit examination of Capital Account, Cash Book and Bank Statement entries for contracts totalling ₦204,737,601.31 awarded by the University and paid on 11 payment vouchers dated March, 2005 were not made available for audit examination in spite of repeated demands for them. I therefore find it difficult to accept such payments as proper charges against public funds. The Vice chancellor has been asked to produce the documents for audit otherwise, recover the sum of ₦204,737,601.31 from the contractors, forwarding the recovery particulars for audit verification.

7.15 Various cash transfers through unauthorized virement for amounts totalling ₦116,743,326.00 were made from one account to another without approval from relevant authorities in contravention of Financial Regulations Nos. 408 and 423. It should be emphasized that virement from one subhead to another is not allowed without appropriate mandate from the appropriate authority. The Vice chancellor has been asked to comment on this irregularity.

All the issues raised above had been communicated to the Vice chancellor for prompt action.

NEWS AGENCY OF NIGERIA (NAN)

7.16 Periodic checks on the accounts of the News Agency of Nigeria (NAN) at Independence Avenue, Central Business Area, Abuja revealed that various sums of money totalling ₦107,321,106.66 and $30,450.00 which were inappropriately disbursed by the Agency during the year under review, in consonance with the extant policies were recommended to be refunded by the affected parties. The Managing Director has been asked to recover these money and forward recovery particulars for audit verification.

7.17 It was also observed that nine (9) Cash Advances ranging from ₦900,000.00 to ₦9,000,000.00 totalling ₦30,295,000.00 were granted to one member of staff without regard to the authorized limit for granting of cash advances. Some of the advances granted related to projects that were to be executed in a number of States. The States involved were however not specified. It was therefore difficult to ascertain whether the sums of money collected by the officer were used for their purported purposes. The Managing Director has been asked to comment on the anomaly.

7.18 It was noted that some of the Agency's Bank Accounts were operated secretly by some officers without maintaining necessary financial documents. In this case, it is impossible to ensure accountability. The Managing Director has been requested to investigate this matter aimed at exposing any financial irregularity that might have been perpetrated.

7.19 A personal advance of ₦2,005,000.00 was granted to an Engineer in the Agency for clearing of goods at the Abuja Airport. The goods were not taken on store ledger charge hence there was no proof that they actually belonged to NAN. The Engineer should provide details of the content of the three cartons of unknown item or refund the amount involved. The Managing Director has been asked to submit details of the refund for audit verification.

7.20 The sum of ₦31,103,170.00 meant for NAN for political coverage was diverted to pay one private company for no identified services to the Agency. The Managing Director has been urged to justify the expenditure, otherwise recover the amount from the company.

7.21 Three (3) Toyota Hilux 1.7 Pick-up vans costing ₦13,050,000.00 was purchased from a motor company in Abuja from the recurrent vote of the Agency. Though the vehicles were seen during audit physical inspection, the Agency has been requested to produce the mandate or authority that empowered it to vire fund from recurrent vote to procure capital assets, contrary to extant regulation.

7.22 Six (6) vehicles purchased for amounts totalling ₦39,941,000.00 were not produced for physical audit inspection. The former Acting Managing Director and

other parties involved have been requested to produce the vehicles for audit inspection, otherwise they should be held accountable for the amount involved in the transaction. Particulars of payment should be forwarded for audit verification.

7.23 A Volkswagen Touareg Jeep 3.2 Automatic Transmission belonging to the Agency was allegedly taken away by a former Board Chairman (now a Minister) at the expiration of his tenure. The Managing Director has been asked to produce the vehicle or its cash equivalent quoting payment particulars for audit verification.

7.24 The Capital Expenditure Vote Account in 2007 meant to finance capital expenditure under the purchase of motor vehicles could not be physically verified for want of records. The relevant payment vouchers and the supporting documents were not submitted for examination. The management was urged to produce the related payment vouchers and all the supporting documents for audit examination, in accordance with Financial Regulation No. 603.

7.25 Eleven (11) payment vouchers for amounts totalling ₦438,892,650.00 being payments made from the Agency's Capital Account for 2006 were not made available for audit verification. On account of this, I cannot certify that the expenditure incurred on them were proper and legitimate charge against public fund. The Managing Director has been asked to produce the vouchers for audit verification.

7.26 NAN Bizcom Services was not engaged in any particular trade or business and did not generate income. Monies paid into NAN Bizcom Services Account came from sources that could not be easily identified, such as grants, aids and donations from outside organizations and bodies. Such monies were put in the NAN secret accounts being operated by the top Management. Relevant documents relating to the expenditure of ₦126,112,766.00 on NAN Bizcom Services Accounts were not released for audit verification. The Managing Director has been asked to comment on the disturbing anomalies and lack of transparency.

All these irregularities have been brought to the attention of the Managing Director for prompt action.

NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY

7.27. During the periodic check of National Primary Health Care Development Agency on financial and other related matters, it was observed that payment for the contract awarded to a company for the construction of Primary Health Care Centre at Benye Charanchi LGA Katsina State for the sum of ₦16,750,000.00 was made in favour of another company on 29th July, 2005, contrary to the provision of the Financial Regulation No. 621. Similarly, the contract awarded to a company for the supply of medical equipment to the existing Primary Health Care Centres in Oyo

State was also paid to another company on 13/7/06. The reason for making payments to companies other than the ones awarded the contract was not stated. The Executive Director has been asked to comment on these anomalies.

7.28 A firm of solicitors was engaged in a case between the Agency and some companies at a fee of ₦3,147,426.00. The legal fee of ₦3,147,426.00 was fully paid on 22nd May, 2006. This engagement and payment of the fee were completed without the prior knowledge and approval of the Attorney-General of the Federation in line with the directive in the circular Ref. No. SGF/PS/CIR/6251 dated 16th July, 2003. The Executive Director has been asked to comment on this irregularity.

UNIVERSITY OF MAIDUGURI TEACHING HOSPITAL, MAIDUGURI

7.29 An examination of the Cash Advances Register of the University of Maiduguri Teaching Hospital, Maiduguri, Borno State revealed that cash advances totalling ₦40,213,795.70 were still outstanding against 18 officers of the Hospital whereas the purposes for which the advances were granted had been achieved, contrary to Financial Regulation Nos. 1705 which stipulates that "Advances should be retired immediately the purposes for which they were granted have been fulfilled". The Chief Medical Director has been requested to deduct the advances from the emoluments of the affected officers forwarding recovery particulars for audit verification.

NATIONAL UNIVERSITIES COMMISSION, ABUJA.

7.30 During the examination of the accounts and other records maintained at National Universities Commission, Maitama, Abuja, it was observed that several store items allegedly purchased for amounts totalling ₦9,247,000.00 between January, 2006 and June, 2007 by the Commission were not taken on store ledger charge before being put to use through the issuance of Goods Receipt Notes (GRN), contrary to Financial Regulation No. 2206. This made it difficult to confirm whether the items were actually purchased or not. It also negates the Internal Control System established over procurements in the public sector because no officer was observed to have checked these items to ascertain whether the supplies were according to specifications or not and that correct quantities and qualities were applied. It is therefore difficult to accept the expenditure as a proper and legitimate charge against public funds. The anomaly has been conveyed to the Executive Secretary for comment.

7.31 Several payments amounting to ₦31,008,166.70 for contracts awarded to contractors by the Executive Secretary/Chief Executive between January, 2006 and June, 2007 were above his financial approval limit of ₦700,000.00. This action

contravenes Federal Ministry of Finance Circular No. F15775 of 27th June, 2001. Most of these contract awards were neither recorded in the Minutes of Meetings of the Board of the Commission nor obtained the Ministerial approvals. This practice does not promote transparency and effective control on government financial transactions. The attention of the Executive Secretary has been drawn to the procedural lapse.

7.32 Similarly, it appears that there was a misinterpretation of Government financial circulars by the Commission by setting up a Management Committee that approves contracts that exceeds the approval limit of the Executives Secretary as contained in Federal Ministry of Finance Circular Ref. No. F15775 of 27th June 2001. Between January, 2006 and June, 2007, the Management Committee approved several contracts totalling ₦25,015,174.00 which were above the approval limit of the Chief Executive. These approvals should have either been sought from the Board of the Commission as required by the Circular or referred to the supervising Ministry where the Board does not exist. The Executive Secretary has been informed of the irregularity and requested to provide explanation.

7.33 Withholding Tax (WHT) and Value Added Tax (VAT) amounting to ₦441,172.96 and ₦2,045,970.20 respectively were not deducted from some of the contracts awarded by the Commission before payments were made to the contractors between January, 2006 and June, 2007, contrary to VAT Act 102 of 1993 and Financial Regulation No. 334. The Executive Secretary has been requested to recover the Withholding Tax and Value Added Tax from the affected contractors and remit same to the appropriate Authority, forwarding recovery particulars for audit verification.

All the issues raised above have been taken up with the Executive Secretary whose response is being expected.

OIL AND GAS FREE ZONE AUTHORITY

7.34 At the Oil and Gas Free Zone Authority, Onne, Port Harcourt, Rivers State, audit examination of the accounting and other records maintained revealed that the Authority purchased a brand new Ford Explorer vehicle (Engine No. A14532 and Chassis No. IFMEU74E56U) in the year 2006 which could not be sighted within the Authority's Headquarters or at any of its branch offices during the verification exercise. However, further investigation revealed that the vehicle was allocated and remained in possession of the Board Chairman contrary to Circular Ref. No.595156/S.22/14/401 dated 25th August, 1998, which stipulates that "no member including a part-time Chairman shall be allowed to retain an official vehicle for use on permanent basis". The Managing Director has been requested to ensure that the vehicle is withdrawn from the Chairman, produce same for audit verification, while all

necessary records and documentation be made to bring the vehicles into the assets of the Authority.

7.35 Similarly, two of the Authority's vehicles, Honda Accord 2.0 Ex.i with engine number F20B2800037 chassis number JNCF-954014000 & registration number FG 0824; and Toyota Corolla Xii.1.8i.4 with engine number 122246536, chassis number JTDB23e353136114, Registration number FG 18204 purchased in year 2001 and 2005 respectively, allocated to a former staff of the Authority, were not surrendered to the office when the staff was leaving on secondment, despite the fact that his letter of secondment was explicit on the properties in his possession. The Managing Director has been asked to recover the two vehicles, and all other Authority's properties in the possession of the officer concerned immediately and ensure they are in good condition, otherwise appropriate legal steps should be taken against the officer and outcome of steps taken communicated to my Office.

7.36 A total sum of ₦63,570,484.00 was paid for the reconstruction, renovation and rehabilitation of a building acquired by the Authority along Harbour Road in Onne, to a company. However, the original contract sum was ₦49,820,484.00 as approved by the Honourable Minister, Federal Ministry of Commerce on July 21st 2005. It was observed that there was a contract variation in the sum of ₦13,750,000.00. The Managing Director has been asked to explain the difference in the contract sum and produce relevant approval for the variation.

7.37 The proposed Headquarters building of the Authority which cost ₦63,570,484.00 to reconstruct, renovate and repair was unoccupied at the time of the audit exercise. But the present office building being occupied by the Authority attracts annual rent of $182,000.00 payable to a company. Efforts should be made to make use of the completed Headquarters building otherwise the money expended on the reconstruction, and renovation would amount to economic waste and a huge loss to the nation with the continued payment of annual rent of USD$182,000.00 per annum at the present site.

7.38(a) During the review of the payment vouchers raised and paid by the Authority, it was observed that a total sum of ₦16.55 million which was 100% consultancy fee, was paid to a company to coordinate Heliport Project. The company was expected to upgrade and redesign the Heliport Project. The final payment of ₦4,965,000.00 was made to the Consultant without deducting the mandatory 10% Withholding tax of ₦496,500.00, thereby giving rise to a loss of revenue to Federal Government of Nigeria of same amount. However, the main contract, ONNE Heliport Project, was about 60% completed during audit visit. One engineering company was awarded the contract at a contract sum of ₦547,333,513.00. The Management also confirmed that the sum of ₦123,000,000.00 was paid as mobilization fee.

(b) The Managing Director has been requested to provide relevant contract documents on the project for audit checks. The work of the consultancy company for which ₦16.55 million was paid should also be furnished. The sum of

₦496,500.00 being Withholding tax in the final payment should be recovered from the consultant and remitted to the FIRS and receipt particulars forwarded for audit verification. Explanation should also be produced on the status of the Heliport Project including the total amount paid to the contractors to date for audit verification.

All the irregularities observed above have been communicated to the Managing Director for prompt action.

FEDERAL HOUSING AUTHORITY

7.39 At the Federal Housing Authority, it was observed during the examination of payment vouchers, that the Authority always included contingency/incidental expenses in duty tour cost estimates made payable to their staff. Incidentally, staff concerned did not retire or account for the money for the contingency. A sample of twenty-seven (27) payment vouchers amounting to ₦4,069,200.00 paid between January, 2005 and June, 2007 contained contingency/incidental expenses. It is pertinent to note that the Budget of the Authority has no provisions for contingency and incidentals. The Managing Director has been requested to ensure that a schedule of such contingency payments be made and the officers concerned should account for the sum of money involved, otherwise the various sums should be recovered from the officers concerned, forwarding recovery particulars for audit verification.

7.40 Thirty-eight (38) payment vouchers amounting to ₦4,860,072.82 were made to various bodies and officers of the Authority without acknowledgement by the payees/beneficiaries. Most of these payments were made to different Organizations as workshops and course fees. There were no receipts issued by those Organizations attached to the payment vouchers or any evidence to confirm the receipt of the money claimed to have been paid to them. It was therefore, difficult to ascertain if the payments were made to the Organizations and officers concerned in the public interest. The Managing Director has been requested to ensure that the sum of money involved is properly accounted for. Cash receipts or evidence should be obtained from beneficiaries to attest to the collection of the money, otherwise, he should recover the sum of ₦4,860,072.82 from the affected Organizations and officers involved, furnishing my Office with recovery particulars for audit verification.

7.41 Contrary to Public Service Rule (PSR) No. 070206, the Authority unilaterally sponsored her staff on overseas medical treatment without recourse to the Office of the Head of Service of the Federation and Federal Ministry of Finance. Seven (7) payment vouchers amounting to ₦2,091,744.00 for Overseas medical treatment were paid in September and October 2005. Other procedures as required by the rule were not followed to legitimize the payment. The Managing Director has been

requested to recover the amount from the staff involved, or surcharge those responsible for the payment forwarding recovery particulars for audit verification.

7.42 In the course of examination of payments (vouchers) made to a company who rendered consultancy services to the Authority for implementation of Federal Housing Authority restructuring/transformation blue print, it was observed that 5% was charged on the contract sum/payments as Withholding Tax instead of 10% chargeable on consultancies as required by the statutory tax regulations. This led to under-deduction of Withholding Tax amounting to ₦3,885,400.00. Furthermore, the Authority did not pay VAT for the services received from the contractor, thereby denying the Government of the much needed revenue of ₦3,708,800.00. The total amount involved for both Withholding Tax and VAT was ₦7,594,200.00. It was requested that the amount involved should be recovered from the contractor and paid to the Federal Inland Revenue Service. The particulars of the recovery should be furnished to this Office for verification.

7.43 Fifteen (15) payment vouchers raised between May 2005 and November, 2007 in respect of re-imbursement of imprests amounting to ₦3,669,835.60 were not supported by relevant documents such as paid bills, invoices and receipts. This practice contravenes the provision of Financial Regulations No. 603 and tends to weaken the internal control system of the Agency. It was difficult for the audit team to establish the veracity of the purported imprests. The Managing Director has been requested to ensure that the amount involved should be properly accounted for and evidence sent to my Office for verification.

7.44 Similarly, fourteen (14) payment vouchers amounting to ₦7,715,184.50 paid between January, 2005 and June, 2007 were without relevant supporting documents. It is important to attach documents like Engineer's Certificate, Letters of Authority, Approval and Awards, Invoices, Receipts and Store Receipt Vouchers etc to payment vouchers as a pre-requisite for payments. The Managing Director has been asked to produce the documents or recover the sum of ₦7,715,184.50, forwarding recovery particulars for audit verification.

7.45 Audit examination of Bank Reconciliation Statement of January, 2005 revealed that the Authority's Fund amounting to ₦12,239,019.07 was trapped in a distressed Bank. The Managing Director has been requested to inform me of the efforts being made to recover the funds trapped in the Bank.

(h) Revenue receipts totalling ₦84,861,678.05 were not entered in the cash books as stated below:-

			₦
i.	Abuja Headquarters	-	306,000.00
ii.	Owerri Zonal Office	-	69,686,139.86
iii.	Part Harcourt Zonal Office	-	14,869,538.19
		-	**84,861,678.05**

It should be noted that improper keeping of revenue books and records could lead to loss of revenue. The Authority has not supervised the recording of its revenue effectively as to ensure that internal control put in place is working at each point in time. The Managing Director has been asked to ensure that the amount involved is properly monitored and accounted for and that the revenue is properly recorded when received.

7.46 Revenue totalling ₦115,594,272.87 purported to have been remitted to the Headquarters by Owerri and Port Harcourt Zones were not acknowledged by the Headquarters, contrary to Financial Regulation No. 603. This loophole made it very difficult for the Audit Team to monitor effective accountability of the revenue remitted from two Zones to the Headquarters, Abuja. The Managing Director has been asked to account for the revenue remitted from the Zones to Headquarters with evidences furnished to this Office for verification. Henceforth, all revenue remitted to the Headquarters should be acknowledged by issuance of the Authority's Treasury Receipt Book 6 (TV 6).

7.47 Investment records for shares deposit of 8,923,494, ordinary shares of 50k each with a Commercial Bank and also ₦3,934,815.00 ordinary shares of 50k each with another Commercial Bank as contained in the Authority's 2004 audited account could not be produced for perusal. This development calls for thorough investigation into the investment portfolio of the Authority with a view to bringing out the actual amount of principal invested, the roll-overs, interest accrued to date and the status of the investment. The Managing Director has been asked to explain why the documents could not be produced for audit verification and to furnish my office with the market value, the number of units held, dividends accrued and the actual position of the investment for audit verification.

7.48 During the examination of Store records and documents the following anomalies were observed:-

(i) Store items valued at ₦18,503,334.00 purportedly purchased/supplied through cash advances to the staff of the Authority were not supplied to store. There was no evidence in the store records to show that, the items were actually purchased/supplied. Also, the store items could not be produced for physical verification during store survey carried out by the audit team.

(ii) Store Receipt Vouchers (SRV) were not issued for store items valued at ₦6,444,155.00 to show that they were supplied, contrary to Financial Regulation No. 2206. However, the goods were entered in the Bin card. All these irregularities are loopholes for fraudulent practices. It is also an evidence of lack of supervision, weak internal control and non-adherence to store rules and regulations. The Managing Director has been requested to ensure that the amount involved is properly accounted for and all necessary controls put in place to ensure compliance with store rules and regulations as specified in the Financial Regulations and extant circulars.

7.49 The handing-over-note of Port-Harcourt Zonal Manager dated 2nd November, 2001 revealed that, electrical materials with estimated value of over ₦12 million which were supplied by three (3) different contractors for the electrical network in Trans-Amadi and Rumuokurusi sites in Port Harcourt, Rivers State, have been lying waste and subjected to vandalisation since 1990 (i.e. 17 years). These materials include transformers, drums of aluminium conductor, armored cables, copper conductor, etc. Further audit investigation revealed that these materials were still serviceable and could be used in other sites where the Authority is constructing Houses instead of contracting out supplies of the materials. The Managing Director has been asked to set up a committee to investigate the necessity of the supplies and what led to the abandonment and how to put the materials into use. He is also expected to furnish necessary information on why a huge amount of tax payers' money was wasted to purchase materials that could not be used over such a period of time.

All the irregularities have been communicated to the Management Director for prompt action.

EDUCATION TRUST FUND

7.50 At the Education Trust Fund Office, Abuja, it was noted that a loan of ₦50,000,000.00 was granted to Federal Ministry of Education for its counterpart funding of FMF/ADB Project in skill training and Vocational Education on a payment voucher dated 8th December, 2006. Audit examination of the relevant loan records revealed the following irregularities:-

(i) No formal agreement was entered into between ETF and Federal Ministry of Education (FME) on the condition for the repayment of the loan.

(ii) Audit visit to the Federal Ministry of Education also revealed that the amount was yet to be utilized as at October, 2007 which cast doubt on the necessity/urgency of the loan by the beneficiary. It was not clear since relevant bank statements/certificates were not produced for audit scrutiny to ascertain whether the physical cash was still intact.

(iii) Granting of loan to the Federal Ministry of Education (the supervising Ministry of the Fund) violated the provision of circulars Ref. No. ECD/P/230 of 18th October, 1996 and Ref. No. 595515/S.22/T.4/1/401 dated 25th August, 1998 issued by the Secretary to the Government of the Federation which, prohibited the granting of loan by a Parastatal to a supervising Ministry. Such act is described as "illegal and outrightly fraudulent".

The Executive Secretary had been asked to provide explanation on the above irregularities. She should also make necessary effort to recover the loan from Federal Ministry of Education (FME), more so as the loan was not properly documented (no agreement) and no approval obtained from the appropriate government body authorizing the loan.

7.51(a) Audit investigation on the disbursement of ₦481,000,000.00 made to the Federal Ministry of Education through a payment voucher raised on the 24th April 2006 revealed the following items:-

(i) Re-invigoration of Federal Inspectorate Department for ₦200,000,000.00.

(ii) Payment of transfer allowances for teachers of Federal Unity Schools and Federal Science and Technical Colleges for ₦281,000,000.00.

However, audit inspection visit to the Ministry revealed that:-

(i) the ₦200,000,000.00 disbursed by the Fund to the Ministry for the purpose of re-invigoration of the Federal Inspectorate Department was not utilized for that purpose, contrary to Financial Regulation No. 515.

(ii) the sum of ₦93,784,707.75 out of the ₦281,000,000.00 disbursed for the payment of transfer allowances of the teachers of Unity schools and Federal Science and Technical Colleges were also observed not to have been utilized for that purpose.

(iii) Cash advances were granted to some officers by the Ministry from the Fund over and above the limit of ₦100,000.00 approved by the Accountant-General of the Federation vide Treasury Circular Ref. No.TRY/A5&B5/2001/OAGF/TS/005/III/222 dated 7th September, 2001. These cash advances were described on the payment vouchers as if they were outright expenditure incurred, leaving little or no room for their retirements.

(iv) No payment voucher was presented to the team in respect of consultancy fee paid to a consultant on Federal Ministry of Education policy formulation, brand strategy initiative amounting to ₦17,192,500.00. Hence it was impossible to ascertain the legitimacy of the transaction, and no evidence to show that the consultant did the job.

(b) From the foregoing observations it would appear that the disbursement of ₦481,000,000.00 made to the Federal Ministry of Education was not utilized for the purpose of satisfying public interest. Consequently, the irregularities were communicated to the Executive Secretary requesting that:-

(i) the sum of ₦200,000,000.00 being the amount disbursed for re-invigoration of the Inspectorate Department of the Federal Ministry of Education should

be recovered from the Ministry without delay. Evidence of recovery should be forwarded to this Office for audit verification.

(ii) explanation should be offered on why Federal Ministry of Education which had its own budget for the payment of transfer allowances was being given money by the Fund for the purpose already provided for in the Annual Estimates of the Ministry. The Ministry should also be made to refund the amount misused for purposes other than what the money was meant, contrary to the provision of Financial Regulation No. 517.

(iii) explanation should also be offered by the Ministry for the violation of Treasury Circular Ref. No. TRY/A5&B5/2001/OAGF/TS/005/III/222 dated 7th September, 2001 issued by the Accountant-General of the Federation on granting of advances to staff.

(iv) evidence that the payment of ₦17,192,500.00 to the Consultant is proper and legitimate should be furnished by the Federal Ministry of Education, otherwise the money should also be recovered from the Ministry, forwarding receipt particulars for audit verification.

(v) No further disbursement of funds should be made to the Ministry since it has its own approved budget. The Ministry cannot be treated as an Institution to be catered for by ETF as provided in Section 5, subsection (1) and (2) of Education Tax Act 1993 (as amended in 1998). The allocation/loan to the Ministry was no doubt an extra-budgetary allocation since it was not budgeted for by the National Assembly. In addition, the lack of accountability for the funds and the frivolous nature of the expenditure made it to be at variance with public interest.

7.52 Also, it was observed that Education Trust Fund (ETF) made a contribution of ₦25,000,000.00 towards the organization of Gateway Game 2006, on 27/02/2006 on CBN cheque dated 31/01/06. Audit inspection visit to the address of the game at (MKO Abiola Stadium, Abeokuta) in a bid to trace the fund could not yield any positive result as no officer of the Ogun State Ministry of Sports accepted acknowledgement of the transaction. The contribution of ₦25,00,000.00 towards Gateway Games violated the provision of Section 5, subsection (1) and (2) of the Education Tax Act, since Gateway Games did not fall within the mandate of Education Trust Fund. The response of the Management on the above issues could not satisfy the violation of provision of Section 5, Subsection (1) and (2) of the Education Tax Act. It could not also provide detailed explanation supported by documentary evidence on how the ₦25,000,000.00 was utilized. The Executive Secretary has been asked to comment on these issues.

7.53 It was also noted that Value Added Tax and Withholding Tax amounting to ₦3,780,000.00 each for amounts totalling ₦7,560,000.00 was deducted from contracts awarded by Lagos State University on 54% (merged) intervention project.

The Executive Secretary of the Fund had been directed to recover the sum of ₦7,560,000.00 being Value Added Tax and Withholding Tax not deducted from contractors payments and forward evidence of deduction from the contractors and remittance of same to the tax authority and to this Office for verification.

7.54(a) 4 payment vouchers raised between May and October 2006, amounting to ₦1,943,700.00 could not be traced during the inspection visit to Plateau State Universal Basic Education Board. It was also impossible for the audit team to ascertain if the expenditure made on the payment vouchers were proper and legitimate charges against public funds or if the expenditures were made for the intended purpose. Consequently, the payment vouchers should be produced for audit verification.

(b) Furniture amounting to ₦10,990,000.00 allegedly purchased by the Board were not taken on store ledger charge. It was therefore impossible to determine whether the furniture were actually supplied or not and to verify the location of the items, contrary to Financial Regulation No. 2206.

(c) 12 payment vouchers raised in November 2006 amounting to ₦12,610,475.12 were made by the Plateau State Universal Education Board without attaching relevant documents, contrary to the Financial Regulation No. 603.

(d) The Executive Secretary has been requested to provide:

(i) Evidence that the above expenditure of ₦1,943,700.00 were proper and legitimate charges against public funds, by producing the relevant vouchers for audit verification.

(ii) Proof that the furniture costing ₦10,990,000.00 as indicated above were actually supplied to the Board, by furnishing the relevant store Receipt Vouchers issued to take the items on the ledger charge.

(iii) Necessary supporting documents are produced to justify the authenticity of the payments totalling ₦12,610,475.12 made.

7.55(a) A provision of ₦850,000,000.00 was made by Education Trust Funds for procurement of high quality classrooms sitting materials out of which a total sum of ₦722,500,000.00 (i.e. 85%) had been released to the Universal Basic Education Commission leaving a balance of ₦127,500,000.00 (15%). Audit inspection visit to the Office of Universal Basic Education Commission revealed that the contract for the supply of 109,440 units of sitting materials was awarded to a company on 1st November, 2005 at a total contract sum of ₦787,968,000.00. Audit scrutiny of the contract documents revealed the following anomalies:-

(i) Due process was not followed in the award of the contract. No competitive bidding was carried out before the contractor was selected, contrary to

Financial Regulation No. 2902 and Public Procurement Act 2007 Section 24(i).

(ii) Mobilization fee of 85% of the contract sum of ₦787,968,000.00 amounting to ₦669,772,800.00 was paid to the contractor as against (15%) stipulated by the Public Procurement Act 2007 (Section 35) (i).

(iii) No Bank guarantee was submitted for the mobilization of 85% (₦669,772,800.00) paid to the contractor as required by the above mentioned Act, Section 26(i).

(iv) Commission on Turn Over (COT) of ₦3,339,491.84 was deducted from the Account by a Commercial Bank in violation of Treasury Circular Ref. No. TRY/A3&B3/2001/OAGF/PRS/005/III/185 dated 26 June, 2001 issued by the Accountant-General of the Federation.

(v) The contract agreement (Para. 9.0) required the contractor to supply the sitting materials within (six) 6 months (1st January – 30th June, 2006) after being given 2 months of grace (1st November, - 1st December, 2005). The contractor made 1st delivery on 17th October, 2006 and delivery was not yet completed as at 18th June, 2007 (one year after the expiration of the contract terms).

(vi) ₦16,547,328.00 was paid by Universal Basic Education Commission for clearing import duty which was not included in the contract agreement.

(vii) Even though the contract agreement (Para. 11.1) stated as follows:

"The supplier is required under the contract to transport the goods to a specified place of destination as may be delivered, ₦41,500,000.00 was still paid by UBEC" from the contractor's factory in Osogbo, Osun state to various states of the Federation.

(viii) It was also observed that the contractor neither had previous knowledge of plastic manufacturing, nor any factory to fabricate the materials prior to the award of the contract. This might explain why 85% mobilization fee was paid to him to help him establish such a factory.

(b) The Executive Secretary has been requested to ensure that:-

(i) the Universal Basic Education Commission explain the issues raised above and to recover the cost of ₦41,500,000.00 for transportation of the materials paid to the contractor, forwarding recovery particulars for audit verification.

(ii) the sum of ₦3,339,491.84 being Commission on Turn Over (COT) irregularly deducted from the Account by a Commercial Bank should be recovered from

the Bank by Universal Basic Education Commission, forwarding recovery particulars for audit verification, and that no further disbursement of funds be made by Education Trust Funds to Universal Basic Education Commission until all the issues raised above are cleared by the Commission with my Office.

FEDERAL AIRPORT AUTHORITY OF NIGERIA, IKEJA (FAAN)

7.56 At the Federal Airport Authority of Nigeria, Ikeja, Lagos State, periodic checks of accounting and other records carried out revealed that a contract valued at ₦93,892,000.00 for the appointment of a Consultant for the re-organization of FAAN Directorates was deliberately split into (three) 3 to circumvent the Federal Executive Council's approval as stated below, contrary to extant regulations: i.e. Financial Regulation No. 2928.

(i) Re-organization of Commercial, Planning and Investment Directorate at a cost of ₦36,000,000.00.

(iii) Re-organization of Finance, Accounts and Audit Directorate at a cost of ₦10,000,000.00.

(iv) Re-organization of Administration and Supplies, Engineering Services and Airport Operations Directorate at a cost of ₦47,892,000.00.

Audit examination of the contract documents revealed that:

The contract was originally initiated by Federal Ministry of Aviation but payment made by Federal Airport Authority of Nigeria (FAAN), on the authority of the Ministry, contrary to the extant rules and regulations on contract award in the Public Service. Moreover, the consultancy reports were not made available as evidence that the contracts were actually executed. The Managing Director has been asked to produce documentary evidence that the contracts were executed by the consultants, for audit examination.

7.57 80% mobilization fee was paid to a contractor for the installation of CCTV at Murtala Mohammed Airport, Ikeja on 23rd November, 2004. This is a contravention of Financial Regulation No. 2930 which limits mobilization payment to 25% of the contract sum. It also violates paragraph 5 (iii) of the contract agreement signed with the supplier which states that "The contract sum shall be paid to the contractor subject to the presentation of bill/Invoices in respect of the installation carried out by the contractor and open certification by the Supervising Engineer that the works have been satisfactorily executed". The Managing Director has been asked to comment on this irregularity.

7.58 A contract totalling ₦32,922,506.00 was awarded by the Interim Management Board on 17th June, 2005, for the supply and installation of Rap scan 528 X-Ray Baggage Screening Machine by a company. Audit examination of the contract documents revealed the following irregularities:-

(i) Contract of this magnitude which was above ₦20,000,000.00 should have been awarded by Ministerial Tenders Board and not Interim Management Board, as required by Financial Regulation No. 2915(ii).

(ii) The number of items to be supplied was not indicated in the contract documents.

(iii) On 19th July, 2005 the schedule officer wrote a memo to the General Manager to inform him that the contractor has successfully supplied and installed 1 No X-ray Machine at baggage hall, Murtala Mohammed Airport, Lagos for the use of a commercial Airline, payment certificate for the sum of ₦16,461,253.00 was attached and the payment was effected through a bank on 31st August, 2005. No documentary evidence such as Letter of award or Local Purchase Order, Store Receipts Voucher, Invoices etc was attached to confirm delivery. The Managing Director has been asked to confirm supply by producing these vital documents or recover the sum of ₦32,922,506.00 from the contractor forwarding recovery particulars for audit verification.

7.59 A total sum of ₦84,672,106.42 was paid on 17 payment vouchers to various contractors and individuals without the details of expenditure and vital documents to support such payments contrary to Financial Regulation No. 603. The Managing Director has been requested to produce the vital documents for audit verification or recover the sum of ₦84,672,106.42 from the payees forwarding recovery particulars for audit verification.

7.60 The following irregularities were observed in the purchase of motor vehicles amounting to ₦44,470,000.00 by Federal Airport Authority of Nigeria

(i) contract for the purchase of 5 Toyota Avensis was awarded to a company on 7th December, 2004 but payment was made by cash advance of ₦28,770,000.00 granted to an officer on 24th December, 2004, instead of a cheque paid directly to the company, contrary to Financial Regulation No. 616, and Treasury circular No. A5/B5/200/)A/OAGF/TS/05/11/22 of 7th September 2001.

(ii) Similarly, 2 Toyota Prado amounting to ₦15,700,000.00 were purchased with cash advance granted to an officer on 3rd November, 2004, instead of through contract award, to a reputable company.

The Managing Director has been requested to confirm that these cash advances have been retired, explain why cash advances were granted instead of direct

payments to the firms and ensure that a stop had been put to the indiscriminate granting of personal advances to officers to procure items of capital nature.

All the irregularities stated above have been communicated to the Managing Director for prompt action.

NATIONAL OPEN UNIVERSITY

7.61 Periodic Checks of financial books and records maintained at the National Open University, Lagos, showed that 25% mobilization fee amounting to ₦4,981,963.56 out of the contracts totalling ₦19,927,854.24 was paid to a contractor on 1st September, 2004 for the renovation of the official residence of the Vice Chancellor without bank guarantee, contrary to extant regulation. The Vice Chancellor has been advised to comply with government laid down rules and regulations on payment of mobilization fees.

7.62 A total sum of ₦96,953,661.63 was paid to 6 contractors in excess of 25% mobilization fees on six payment vouchers made between June, 2003 and March, 2005. The Vice Chancellor has been asked to comment on the irregularity.

7.63 5 payment vouchers for amounts totalling ₦22,347,931.55 raised and paid between February 2003 and 2007 to some publishing organizations for advertisement and or publication of the University activities had no vital supporting documents such as; receipts, invoices attached to them to authenticate the payments. As I cannot satisfy myself that the amounts involved were proper charges against public funds, the Vice Chancellor has been requested to produce the relevant documents for audit verification.

7.64 The sum of ₦5,000,000.00 was paid on 9th September, 2005 to a company for the purchase of shares as approved by the University Governing Council, but the total number of shares could not be determined as at the time of audit inspection. Further audit investigation revealed, that vital books and details were neither provided nor maintained in respect of the investments such as:

(i) Investment Register
(ii) Number of Units of shares
(iii) Price per share
(iv) Nominal Value of shares
(v) Share certificate
(vi) The company where the shares were purchased
(vii) Dividend/Investment income from the shares
(viii) Other related information.

The Vice-Chancellor has been requested to produce the vital documents for audit examination.

All the anomalies have been communicated to the Vice-Chancellor for prompt action.

FEDERAL MEDICAL CENTRE UYO, AKWA IBOM STATE

7.65 At Federal Medical Centre, Uyo, Akwa Ibom State, it was observed that Withholding Tax deducted from payments made to 31 contractors who supplied goods and services to the Centre for amounts totalling ₦503,708.00 were not remitted to the Federal Inland Revenue Service (FIRS), contrary to VAT Act no. 102, 1993 and Financial Regulation No. 334.

The Medical Director has been requested to remit the money to the Tax Authority and to produce relevant payment particulars for audit verification.

NATIONAL HOSPITAL ABUJA

7.66 Periodic Checks undertaken at the National Hospital, Abuja revealed that payments of contracts were made to individuals instead of the companies that executed the contracts. Three contractors supplied goods and services for the Hospital between February and April, 2005 for amounts totalling ₦2,740,410.56 but payment cheques were first written in their corporate names but later changed to names of individuals. This is contrary to the provision of the Financial Regulation no. 616 which stipulates that "Payment to Firms shall be made only by cheques, crossed "Not-Negotiable" "Account Payee only" in favour of the Firms".

The procedural lapses have been conveyed to the Medical Director for comment.

7.67 Indiscriminate transfers of funds between Personnel Costs Vote and Overhead costs vote were noticed while examining the payment vouchers and Bank statements of the Hospital. A total sum of ₦486,029,895.00 was involved in such transfers. This procedure is contrary to extant regulations. The attention of the Medical Director has been drawn to this irregularity for an explanation.

7.68 (11) eleven payment vouchers were raised between November, 2004 and April, 2005 for amounts totalling ₦12,198,632.25 for payments made to contractors who supplied goods and medical appliances without complying with Due process,

contrary to Financial Regulation No. 2945. The attention of the Medical Director has been drawn to this anomaly for comments.

All the issues raised above have been communicated to the Medical Director for prompt action.

NIGERIA METEOROLOGICAL AGENCY

7.69 It was observed during periodic checks carried out at the Nigerian Meteorological Agency, (NIMET) Maitama, Abuja, that Section 14, sub-section E of the Act that established NIMET provides that 10% of landing charges from the Federal Airport Authority of Nigeria (FAAN) should be credited to the fund of the Agency. Examination of books of account and documents revealed that FAAN has not been complying with the provision of this Act. The total amount of revenue outstanding to be remitted to the Agency by FAAN within the period under review (i.e. September, 2005 – May, 2006, nine months) was estimated at ₦279,000,000.00. Furthermore, there was no mechanism put in place to crosscheck how much is actually due to the Agency as against FAAN's figures, as other Agencies do on monthly basis. The Director-General of Nigeria Meteorological Agency (NIMET) has been asked to take the matter up with appropriate Government Agencies for speedy resolution.

7.70 Cash advances totalling ₦38,743,829.00 granted to some members of staff since 31st December, 2005 to enable them execute certain projects or render services were yet to be retired. Incidentally, some of the officers were granted multiple advances even when the previous ones granted them had not been retired. It was also noted that the Cash Advances Ledger was not updated. All advances granted between January and May, 2006 and the retirements made were not recorded in the ledger as at the time of the audit visit in July, 2006. The Director-General had been asked to direct the affected officers to retire the outstanding advances within a month, failing which deductions should be made from their salaries and other entitlements. The Director-General has also been requested to ensure that advances ledgers are updated at all times.

7.71 Audit examination of the ledger for VAT and WHT maintained by NIMET, revealed that a total sum of ₦33,265,804.50 made up of ₦16,244,379.76 VAT and ₦17,021,424.74 WHT deductions respectively was not remitted to the Federal Inland Revenue Service as at 31st December, 2006. This is a contravention of Circular Ref. No. FIRS/0135/C/T/8 of 27/3/2003 which frowns at delay in remittance of tax collected on behalf of the FIRS. Penalties of 100% and 10% interest were stipulated for such delays. It is also contrary to the provisions of VAT Act No. 102, 1993 and the Financial Regulation No. 334.

The Director-General had been asked to ensure the remittance of the sum of ₦33,265,804.50 to Federal Inland Revenue Service with remittance particulars forwarded for audit verification.

7.72 A contract for the furnishing of Ministry of Aviation quarters was awarded to a company in April,, 2005 at a cost of ₦7,992,875.00 and payment made from the vote of the Agency which would appear to be an interference on the part of the Ministry, contrary to circular No. ECD/P/230 of 18th October, 1996. It was also observed that the transaction was wrongly coded and classified as part of the assets of the Agency, thereby overstating the value of fixed assets of the Agency. The Director-General has been directed to recover the above amount and forward evidence of recovery for audit verification. Also, a journal voucher should be raised to correct the wrong classification and reclassify the transaction as part of expenditures incurred on behalf of Ministry of Aviation and not fixed assets of the Agency. Particulars of the adjustment voucher should be forwarded for audit verification.

7.73 Some items viz, 2 computers costing ₦700,000.00 and 2 digital cameras costing ₦500,000.00 totalling ₦1,200,000.00 purportedly purchased for Obudu Cattle Ranch were not sighted in the store records. The Director-General has been directed to confirm actual purchase of these items or the amount be recovered from the affected staff. Particulars of recovery should be forwarded to this Office for audit verification.

7.74 The following irregularities were also discovered in the execution of the contract for the construction of Agro Meteorological Laboratory at Oshodi, Lagos state costing ₦3,631,880.00 namely:-

(i) burglary proofs were not installed by the contractor in spite of its inclusion in the Priced Bill of Quantities. (PBQ).

(ii) keys and doors to the laboratory were already out of use as attested to by the Head of Agro-Met Laboratory, during audit inspection.

(iii) soak-away pit was not provided by the contractor, though it was included in the Priced Bill of Quantities.

The Director-General has been asked to recall the contractor to site to rectify all the anomalies or in the alternative recover the sum of ₦3,631,880.00 from the contractor forwarding recovery particulars for audit verification.

7.75(a) It was further observed that the contract for the procurement and installation of reading tables and chairs for RMTC Library at Oshodi, Lagos state awarded to a company at the cost of ₦4,936,600.00 was poorly executed as follows:-

(i) There was no SRV issued by the Store officer acknowledging actual supply of the items paid for and taken on store ledger charge.

(ii) There was no Store Issue Voucher raised to confirm the supply of the furniture and fitting by the user Department (RMTC).

(iii) No item of furniture and fittings was available for physical audit verification.

(b) The attention of the Director-General has been drawn to all the irregularities, and he has been requested to:-

(i) investigate the execution of the contract to ensure value for money spent on the project. Also findings and sanctions applied on the company that executed the project should be forwarded to this office for verification.

(ii) in the absence of justifiable reason for the contract not being executed to specification, the contractor should be asked to refund the sum of ₦4,936,800.00 to the Agency and recovery particulars forwarded to this Office for audit verification.

7.76 Audit verification of various contracts awarded at the NIMET Headquarters revealed that contract for partial completion of Synoptic Office in Abeokuta, Ogun state amounting to ₦13,065,066.00 since 2004 has not been fully executed. The following irregularities were observed:-

(i) There was no burglary proof installed in the windows and doors for security of the furniture items supplied to the office since 2004.

(ii) Contract for sinking of borehole which was part of the contract was not executed, but water tanker was sighted.

(iii) A transformer was recently installed without a fence or security put in place, thereby exposing it to vandals;

(iv) A provision of automatic weather observation station costing ₦7,975,000.00 was yet to be installed since 2004.

(v) Furniture items acquired for the office since 2004 could not be carried to the site because of non-completion of the office building. The Director-General had been asked to explain why the contract has not been completed since it was awarded in 2004.

BAYERO UNIVERSITY KANO

7.77 At Bayero University, Kano, Kano State, it was observed from the examination of payment vouchers that the sum of ₦4,355,111.37 was paid to the Technologists in the Faculty of Medicine as arrears of Call Duty Allowance on 20th

July, 2005. A scrutiny of the documents produced revealed that there was no evidence to justify this payment. The Vice Chancellor has been requested to justify this payment, by producing the authority approving the payment or recover the amounts involved.

7.78 The sum of ₦2,409,000.00 was paid to a contractor on 19th June, 2005 for the supply of 33,000 litres of diesel to the University without vital documents such as; Invoices, Store Receipt Vouchers etc produced to confirm delivery contrary to Financial Regulation No. 603. The Vice chancellor has been asked to produce these documents or recover the sum of ₦2,409,000.00 from the contractor, forwarding recovery particulars for audit verification.

UNIVERSITY OF UYO

7.79 Checks carried out at the University of Uyo, Akwa Ibom State showed that VAT and WHT of ₦3,096,274.00 and ₦2,556,186.00 respectively were deducted from payments made to contractors, but not remitted to FIRS. This delay is a contravention of the VAT Act 102 of 1993 and Financial Regulation No. 334 and a denial of the much needed revenue to Federal government. The Vice Chancellor has been asked to remit the various sums to the Federal Inland Revenue Service and forward the remittance particulars for audit verification.

7.80 Contrary to Federal Treasury circular No. 15775 of 27th June, 2001, on procurement and award of contracts and the limitation of payment of mobilization fees on contracts to 25%, it was observed that up to 70% mobilization fees were paid on some contracts awarded by the University between April, 2002 and December, 2005. The Vice Chancellor has been asked to comment on the anomaly.

All the issues raised have been communicated to the Vice-Chancellor for prompt action.

UNIVERSITY OF PORT HARCOURT

7.81 At the University of Port Harcourt, the periodic audit checks revealed that the University spent excessively on Governing Council activities. The expenses were on meetings, accommodation, transportation, sitting allowances, financial assistance to a Council member and foreign trip by the Pro-Chancellor.

7.82 Examination of the sampled payment vouchers revealed that various amounts totalling ₦18,845,279.00 were spent for the Governing Council's activities between January, 2005 and October, 2007. It was further observed that Council meetings

were held more than the stipulated number of times allowed by the enabling Act, thus resulting in such huge expenses.

The attention of the Vice Chancellor has been drawn to the irregularities for his comments.

UNIVERSITY OF ABUJA TEACHING HOSPITAL GWAGWALADA

7.83 The audit examination of Bank Reconciliation Statement at the University Teaching Hospital, Gwagwalada, Abuja for the period January to December, 2006 showed that there were some irregularities in figures. A scrutiny of the imputed figures with audit computed figures revealed a huge difference in the reconciliation figure amounting to ₦36,608,771.51 which could not be explained, at the time of audit inspection. The Chief Medical Director has been asked to investigate the discrepancies and forward the outcome for audit verification.

7.84 A sum of ₦36,264,121.00 was observed to have been expended from the Personnel Cost Vote and used for overhead expenses without authorization. The Chief Medical Director has been requested to explain the reasons for the unauthorized virement from Personnel Cost vote.

7.85 21 payment vouchers amounting to ₦12,815,712.87 were paid without pre-audit stamps to show that they were duly checked by the Internal Audit before payments were effected as required by the provisions of the Financial Regulations. This is a serious internal control violation which should be rectified immediately. The Chief Medical Director has been asked to comment on the irregularity.

All the anomalies have been communicated to the Chief Medical Director for prompt action.

NATIONAL INSTITUTE FOR MEDICAL RESEARCH, YABA, LAGOS

7.86 Periodic checks of accounting and other records maintained by the National Institute for Medical Research, Yaba, Lagos State revealed that materials and store items supplied to the Institute between January and March, 2005 by (3) three contractors for amounts totalling ₦6,621,790.00 could not be traced into the store. No Store Receipt Vouchers were raised to take the items on store ledger charge. It is therefore difficult to confirm whether or not these items were actually supplied even though they were paid for. This is contrary to Financial Regulation No. 2206. The attention of the Director-General had been drawn to the irregularity for his comments.

7.87 Contrary to the Federal Government Circular on award of contracts by Statutory Corporations Ref. No. SGF/OP/I/513/T/172 of 11th October, 1999 and Financial Regulation No. 2930 which restrict payment of mobilization fee to a maximum of 25% on the value of contract, the Institute paid mobilization fees ranging from 50% to 100% to contractors even without Bank performance bond. A total of ₦16,401,436.45 was paid this way by the Institute. The Director-General has been informed of the irregularity and he has been asked to ensure compliance with the extant regulations.

7.88 Audit examination of payment vouchers raised by the Institute revealed that cash advances exceeding the ₦100,000.00 limits for purchase of household items, renovation etc were granted to staff contrary o Federal Treasury Circular No. A5/B5/2001-OAGF/TS/005/III/222 of 7th September 2001 issued by the Accountant-General of the Federation. The Institute paid a total sum of ₦963,850.00 this way. The attention of the Director-General has been drawn to the irregularity for comments.

7.89 The Institute's Guest House was rented to Pentagon Restaurant, Victoria Island, Lagos. The tenancy agreement allowed for payment of rent in advance throughout the duration of the tenancy. However, the Institute failed to implement the provision of the rent agreement which resulted to accumulation of annual rent for amounts totalling ₦9,000,000.00 which remained unpaid until the tenancy was terminated. No effort was made by the Management of the Institute to recover this accumulated Rent from the Management of the Restaurant. The Director-General has been informed of the irregularity and asked to recover the outstanding rent, forwarding the recovery particulars for audit verification.

All the issues and irregularities observed have been communicated to the Director-General for prompt action.

YABA COLLEGE OF TECHNOLOGY

7.90. During the periodic checks of the accounting and other records maintained by the above-named College, it was observed that payment vouchers were often raised in the name of the College store officer for the procurement of store items, contrary to Financial Regulation No. 2506 which stipulates that "Store officer or Store Verifier shall not participate in the procurement of stores". Between November 2005 and March 2006, (8) eight payment vouchers for amounts totalling ₦4,537,480.00 were raised in favour of the store keeper. The anomaly has been communicated to the Rector for his comments.

7.91 During the verification of the College's Assets, it was revealed that a Peugeot 406 Saloon car with Registration Number FG 53 B51 and Security Number CK 655 LSD purchased by the College in year 2006 could not be produced for audit

verification. Audit investigation confirmed that the vehicle was allocated to the Council's Chairman contrary to Treasury Circular Reference No. 59515/S.22/14/1/401 of 25th August, 1998. The Rector has been informed of the anomaly and was asked to recover the vehicle from the Council's chairman, record same in the Fixed Assets Register and forward recovery particulars for audit verification.

7.92 Between February 2005 and November 2006, (21) twenty-one payment vouchers were raised and paid for amounts totalling ₦14,805,655.08 to various payees without evidence attached to show the acknowledgement, such as official receipts of the organization to confirm that the funds were actually received by the beneficiaries contrary to Financial Regulation No. 613. The irregularity has been communicated to the Rector and he was asked to produce the relevant receipts to authenticate the payments.

7.93 During the review of the Federal Government Grants to the College, it was observed that amounts totalling ₦295,300,00.00 were released by the Accountant-General of the Federation to the College for the hosting of West African Polytechnics Games which took place in the Institution in year 2006. Three payment vouchers were raised in January, February and June, 2007 confirming that these sums were disbursed in three installments to WAPOGA Account No. 2352010035422 in the College's Commercial Bank Account. All efforts made to obtain all financial records and documents relating to the disbursements and utilization of these grants proved abortive as the college Authority vehemently refused the audit Team access contrary to the provision of the 1999 Nigerian Constitution and Financial Regulations. The attention of the Rector has been drawn to this attitude displayed by the College i.e vehemently refusing the Audit Team access to public documents acquired with public funds.

7.94 Audit examination of payment vouchers raised by the College revealed that a payment voucher dated 17th March, 2006 for ₦3,000,000.00 was raised in the name of WAPOGA as a loan granted by the College, pending the release of the College's Grant by Federal Government for the Game. However, despite the release of the sum of ₦295,300,000.00 by the Federal Government for this exercise in the year 2006, the sum of ₦300,000,000.00 borrowed from the College's account was yet to be refunded several months after the conclusion of the Games. The attention of the Rector has been drawn to this irregularity and he was asked to ensure that the loan is refunded immediately and particulars of refund forwarded, for audit verification.

7.95 Audit examination of contract vouchers relating to payments made to corporate organizations in respect of contracts awarded, revealed that the sums of ₦627,593.75 and ₦363,572.93 were not deducted as Withholding Tax (WHT) and Value Added Tax (VAT) respectively as required by VAT Act No. 102 of 1993 and Financial Regulation No. 334. The Rector has been informed of this irregularity and was asked to recover the Taxes and remit same to the Federal Inland Revenue Services, forwarding receipt particulars for audit verification.

7.96 Cash advances were granted for amounts totalling ₦7,695,829.00 to staff of the College and these advances were yet to be retired at the time of audit inspection contrary to Financial Regulation No. 1705. The Rector has been requested to deduct the advances from the personal emoluments of the affected staff, forwarding recovery particulars for audit verification.

7.97 The sum of ₦2,779,866.38 was observed to have been paid in December 2005 by the College on behalf of the Consult, a subsidiary unit of the College, in respect of Build, Operate and Transfer (BOT) as commitment fees, legal fees and insurance policy as agreed with a project financier, a Limited Liability company, as pre-condition for the release of mobilization fees of ₦74,129,772.98 for the commencement of the College's Hostel Project whose contract was won by the College's Consult at Obafemi Awolowo University, Ile-Ife. However, while the College's Consult has fulfilled its own part of the agreement by releasing the agreed commitment fees of ₦2,779,866.38, the financier has neither remitted its agreed mobilization fees nor refunded the amount paid for 2 years running. The attention of the Rector has been drawn to this observation and has been advised to consider recovering the amount paid with interest at the commercial ruling rate, from the financier through legal action after seeking legal advise from the College's Legal unit. Details of the recovery should be forwarded for audit verification.

PETROLEUM TECHNOLOGY DEVELOPMENT FUND (PTDF)

7.98 During the periodic checks carried out on the accounting records and other related records maintained by the Fund, it was noted that contrary to the Federal Ministry of Finance Circular and Financial Regulation No. 2915 which limit the authority to award contracts exceeding ₦700,000.00 but not more than ₦20,000,000.00 to the Board of Corporations and Parastatals, the Fund Executive Secretary considered and approved several financial requests from other government Agencies for purposes not relating to the Fund's Mandate. In most cases, the amounts involved were above the approval limits of the Executive Secretary and without recourse to their supervising Ministry or the Federal Executive Council for consideration and approval as shown by the following instances that came to the notice of the Periodic Checks Team.

(i) Between 2004 and 2005, the sum of ₦4,000,000.00 was paid for the cost of publishing and circulation of Petroleum Training Journal (PTJ), a publication of the Forum of Training Managers in Petroleum Sector and the Management of Petroleum Training Institute, Effurum, Delta State.

(ii) Also in year 2004 and 2005, the sums of ₦1 million and ₦2 million were paid respectively for the same purpose.

(iii) Also in year 2006, ₦1 million was paid on a payment voucher dated 22nd February 2006, for services, outside the Fund's Mandate.

(iv) A request made on the 24th January 2006 to the Fund by the Permanent Secretary, Federal Ministry of Science and Technology on behalf of Presidential Standing Committee on Inventions and Innovation (PSCII) for a take off grant, was unilaterally approved by the Executive Secretary by paying the sum of ₦25 million to the Committee without reference to the supervising Ministry or to Mr. President for formal approval.

(v) At another occasion, the House of Representatives Committee on Petroleum Resources requested the Fund for financial assistance to the tune of ₦5,100,000.00 for Appraisal Visit to Niger, Delta Region for 20 members. The Executive Secretary granted this request without making any reference to anybody. (See Appendix 3C). The attention of the Executive Secretary has been drawn to these irregularities for his comments.

7.99 Audit review of the investment policy of the Fund showed that it is anything but prudent. The Fund lost so much money in interest payment by not investing huge sums left in its current account, on interest earning deposit. The Fund has a total of ₦2,189,164,649.98 in various commercial banks and the Central Bank of Nigeria as follows:-

			₦
(a)	First Bank of Nigeria	-	317,689,434.70
(b)	Platinum Bank	-	914,312,960.00
(c)	Inter city Bank	-	1,246,196.61
(d)	Trans International Bank	-	949,505,798.31
(e)	Central Bank of Nigeria	-	6,410,260.36

Audit investigation through examination of relevant Bank Statements from these Banks revealed as follows:

First Bank Plc:

(i) Although the balances kept in the current account with this Bank was not as huge as that kept in other Banks, it is still considered as very high and one would have expected the Fund to have negotiated interest payment on daily basis. Based on an interest rate of 5%, it was revealed that the Fund might have lost interest income of ₦21 million in 2004 and ₦26 million in year 2005.

Platinum Bank Plc:

(ii) It was observed that the amount maintained in current account with this Bank is too high sometimes in excess of ₦0.9 billion, particularly when no interest is paid on the account. This is considered as a major risk and loss of income to the Fund. Using the 5% interest rate, it is estimated that the Fund has lost income to the tune of ₦61 million for the period of January to December, 2005.

Trans International Bank Plc:

(iii) The fund kept current account balances in excess of ₦0.9 billion with this Bank. This is considered as a major risk and loss of income. Using the 5% Interest rate, it is estimated that the Fund has lost income of ₦70.97 million for the period January to December, 2005.

7.100 Audit examination of the payment vouchers raised by the Fund revealed that (15) fifteen payment vouchers for amounts totalling ₦35,236,183.76 were prepared and paid for various contracts without being pre-audited, contrary to the provision of Financial Regulation No 2011 which requires that 100% pre-payment audit should be carried out before payments are made. This is a very serious internal control breakdown which should be rectified immediately. The attention of the Executive Secretary has been drawn to these lapses for prompt action.

7.101 It was observed that (4) four Interim Management Committee members whose tenure ended on the 3rd September, 2004, were paid severance benefits totalling ₦7,700,046.00 each contrary to their letters of appointment. This is a breach of the Financial Regulation and an undue application of the resources of the Fund. The Executive Secretary has been requested to recover the total sum of ₦30,800,184.00 from the four Committee members forwarding recovery particulars for audit verification.

7.102 During the physical inspection visit to University of Benin, Benin city, Edo State, it was observed that a total contract sum of ₦3,557,295.00 was paid to a company for Borehole and Water Storage facilities. The company collected a mobilization fee of ₦924,000.00 from the Fund (representing 25.9% of the total contract sum) and abandoned the project. It was estimated that job executed by the contractor before abandoning the project was about ₦200,000.00 only. The Executive Secretary has been requested to determine the contract and recover any over-payment made to the contractor, and furnish details of recovery for audit verification.

7.103 The PTDF was directed by the Presidency to fund the procurement of "Specialized Management Information Software" supply contract on behalf of the Federal Ministry of Solid Mineral Developments through a company based in London, as per a Memo dated 9th December, 2002 at an estimated cost of ₦37,500,000.00 (i.e. US$300,000.00). Audit examination of the domiciliary payment vouchers revealed the following anomalies:

(i) the actual Presidential approval letter reference No. PRES/121 of 27 November, 2002 was not attached to the voucher.

(ii the relationship between the company based in London and the other based in Nigeria was not stipulated.

(iii) A transfer request from PTDF on the 19th of February, 2003 through a Commercial Bank was made to the London based company to effect the payment of US$300,000.00.

(iv) there was no evidence to confirm that the software was either supplied or delivered.

(b) Audit investigation from the Federal Ministry of Solid Minerals Development – the end user of the software in June 2004 revealed that the software had not been delivered despite the fact that full payment was made in February, 2003. This is a case of an "unexecuted contract" against the Fund.

(c) The irregularities have been communicated to the Executive Secretary requesting him to take the following action:-

(i) produce a copy of the Presidential approval for the request.
(ii) show evidence of performance of the contract for the attention of the Funding Agency;
(iii) ask the Federal Ministry of Solid Mineral Development to show evidence of the refund of the sum of US$300,000.00 from the affected contractors for non-performance for audit verification.
(iv) institute appropriate sanction against the affected organization in compliance with the terms of the contract agreement.

7.104 Contract for the construction of Borehole and Water storage facilities at the University of Ibadan was awarded to a company for a sum of ₦3,496,578.05 and the sum of ₦874,144.66 (representing 26% of the total contract sum) was paid, but the contract was not executed by the contractor. The Executive Secretary has been asked to recover the total sum of ₦3,496,578.65 from the contractor, forwarding recovery particulars for audit verification.

7.105 The contracts for the supply and installation of computer Hard and software were awarded to two companies at University of Jos, Plateau State at the contract sums of ₦7,286,500.00 and ₦7,980,590.20 respectively. These contracts were yet to be executed whereas the contractors had been paid 95% each of the contract sum, that is ₦6,922,175.00 and ₦7,581,560.04 respectively. The attention of the Executive Secretary has been drawn to this irregularity and he was asked to recover the sums of ₦14,503,736.04 from the contractors, forwarding recovery particulars for audit verification.

7.106 A total sum of ₦71,889,738.50 was paid to (6) six contractors based in Lagos being 15% installation and commissioning fee of laboratory equipment meant for (6) six Universities in Nigeria even when the laboratory equipments were yet to be installed and commissioned. This is contrary to the terms of the contract agreement which stipulate that "15% of the contract sum shall be paid after the equipment have been installed and commissioned". The attention of the Executive Secretary has

been drawn to these irregularities and he was requested to recover the total sum of ₦71,889,738.50 from the contractors until the items are completely supplied, installed and commissioned in line with the contract agreement. He was also urged to ensure that terms of contract agreements are strictly followed before effecting payment in future.

7.107 There were several evidences of unbridled interferences in the finances of the Fund during the period under review by the supervising Ministries, contrary to the circular letter No. ECD/P/230 dated 18th October 1996 issued by the Secretary to the Government of the Federation which prohibits such acts of "interference in finances of Parastatals. Instances that came to the attention of the monitoring team include the following:-

(a) A sum of ₦25,000,000.00 on 24/1/06 was paid to assist Ministry of Science and Technology.

(b) A sum of ₦5,100,000.00 was paid to a company for sponsoring 20 Members of the House of Representatives Committee on Petroleum Resources on 6/9/05.

(c) A sum of ₦600,000.00 was paid in year 2006 for the Ministerial Media Summit on Petroleum Sector organized by the Presidential Adviser on Petroleum and Energy.

(d) A sum of ₦5,427,992.00 was paid on 5/4/2005 at the request of the Permanent Secretary seeking the Fund to assist in financing Ministry of Petroleum resources Visitation Panel to the Petroleum Training Institute, Warri, Delta state.

7.108 Cheques were issued by the Fund totalling ₦16,832,804.79 to individuals instead of corporate bodies on presentation of letters of authority to collect cheques in respect of goods and services rendered. This procedure contravenes the provision of the Financial Regulation No. 616 which stipulates that "Payments to Firms shall be made only by cheques, crossed "Not Negotiable" "Account Payee only" in favour of the Firms. The attention of the Executive Secretary has been drawn to these anomalies for him to adhere strictly to the provision of extant regulations.

7.109 Several payment vouchers raised by the Fund for amounts totalling ₦124,501,836.26, US$34,902,955.93; and £566,145.33 as detailed below were not produced for audit examination.

S/N	Bank	Type of Account	Total No of Vouchers	Total Amount
1.	First Bank Plc	Main Account	100	₦124,501,836.26
2.	First Bank Plc	US Dollar Account	135	US$34,902,955.93
3.	First Bank	GBP Account	32	£566,145.33

The Executive Secretary has been asked to produce the payment vouchers for audit examination.

All the issues raised above have been communicated to the Executive Secretary for prompt action.

SECTION 8

REVENUE AUDIT

8. REVENUE AUDIT:

FEDERAL INLAND REVENUE SERVICE

Garki Integrated Tax Office:

8.1 Audit examination of accounting records maintained for the collection of taxes at the Garki Tax Office, revealed the following anomalies:-

(a) 90 companies were owing a total sum of ₦2,690,686.05 as arrears of company tax. The chairman has been advised to ensure prompt collection of the outstanding taxes.

(b) Also, there was a company that owed Value Added Tax of ₦485,089.21 without remitting same to the appropriate tax authority.

(c) There were 2 companies that owed Withholding Tax amounting to ₦204,900.00 in the year under review.

(d) It was also noted that an outstanding Education Tax of ₦321,435.00 and uncollected Pay As You Earn Tax (PAYE) of ₦175,666.82 were due for payment by a company.

(e) The arrears of uncollected taxes for the year under review as at 31st August 2008 totalled ₦3,877,777.08 viz:-

(i)	Value Added Tax (VAT	=	485,089.21
(ii)	Withholding Tax (WHT)	=	204,900.00
(iii)	Education Tax (ET)	=	321,435.00
(iv)	Pay-As-You-Earn (PAYE)	=	175,666.82
(v)	Miscellaneous Taxes	=	2,690,686.05
			₦3,877,777.08

The chairperson of Federal Inland Revenue Service has been informed of the arrears for prompt recovery.

Ikeja Integrated Tax Office

8.2 At Ikeja Office, it was observed during the audit of the revenue records maintained by the Tax Office that three (3) companies underpaid their Value Added Tax by a total sum of ₦2,058,044.68. The outstanding amount should be recovered and an in-depth tax investigation should be conducted to determine whether the amount declared was actual tax due from the companies.

8.3 It was also observed that Value Added Tax amounting to ₦924,833,099.00 paid between May and October, 2007 were not entered into the cash book. This matter should be investigated with a view to finding why the amount was not entered into the cash book and ensuring recovery and payment into chest.

8.4 Four (4) companies were observed to have outstanding balance of ₦63,155,135.24 in respect of Value Added Tax between January, 2006 and December, 2007. The service has been asked to recover the outstanding tax and provide evidence of recovery for audit verification.

All the issues have been communicated to the Chairperson for prompt action.

Surulere Integrated Tax Office, Lagos

8.5 At Surulere Tax Office, Lagos, it was discovered that 5 companies understated their Value Added Tax by ₦3,906,929.20 between January and December, 2007. This is a loss of revenue to the Federal Government. Efforts should be made to collect the outstanding sum of ₦3,906,929.20

8.6 It was observed that 9 Company Income Tax and 7 Education Tax receipts amounting to ₦342,593.56 and ₦144,800.00 were not recorded in the cash books between January and December, 2007. The omission reduced the total amount in the cash book by the same value. The chairperson of FIRS has been informed of the anomalies and she has been asked to recover the outstanding revenue and pay same to the chest, forwarding details for audit verification.

Wuse Integrated Tax Office, Abuja

8.7 During the audit examination of the revenue records maintained by the above-named office, it was observed that 22 (twenty-two) companies which have been duly taxed and penalized still have outstanding company income tax of ₦123,138,145.94 for the period January 2006 to 31st December, 2007. No serious efforts had been made by the Integrated Tax Office to recover the outstanding tax against the affected companies. The matter has been referred to the Executive Chairperson, FIRS for comments.

8.8 It was lso noted that 7 (seven) companies still have outstanding sum of ₦44,548,552.77 of Value Added Tax which include the accumulated interests and penalties. No serious efforts have been made to recover the outstanding Tax by that Office.

8.9 Further examination of records also showed that 12 companies have a total outstanding Education Taxes for amounts totalling ₦16,058,410.00 which remained uncollected

8.10 Finally, a review of the files and records kept for Pay-As-You-Earn (PAYE) revealed that 6 (six) companies have outstanding Taxes totalling ₦21,230,100.61

yet to be collected. The Executive chairperson FIRS has been informed of all the outstanding Tax revenue and was asked to take prompt action in collecting the taxes and to furnish details of recovery to my Office for audit verification.

Federal Inland Revenue Service, Calabar, Cross River State

8.11 At Federal Inland Revenue service, Calabar, Cross River State it was noted that two (2) Yamaha 100 motorcycles were not seen physically during the inspection of the unit in February, 2008. The circumstances surrounding the disappearance of the two motorcycles were not known. Surprisingly, the incident had not been reported officially in accordance with the provisions of the Financial Regulation up to the time of audit.

8.12 Arrears of revenue, totalling ₦106,374,607.10 in respect of Company Income and Education Taxes due to the Service between 2001 and 2006 were yet to be collected by the Area Tax Officer, Calabar as at the time of audit inspection in February, 2008. No concrete efforts were made to collect these Taxes.

The Executive chairperson has been informed of the issues above for prompt action.

NIGERIA CUSTOMS SERVICE, HEADQUARTERS, ABUJA

8.13 The audit of the Departmental Vote book and other accounting records at the Customs Headquarters, revealed that a sum of ₦318,000,000.00 was paid as Insurance premium to 5 (five) Insurance Brokers in February and December, 2007 for various reasons. However, documents showing the details of the payments and terms of coverage were not produced for audit examination. The Comptroller-General was asked to produce the vital documents to prove the genuineness of these payments, or otherwise the money should be recovered from the payee, forwarding details for audit verification.

8.14 Audit examination of the advances register at the Customs Headquarters, Abuja, revealed that 44 advances totalling ₦23,254,657.00 granted to staff from February to December, 2007 were yet to be retired. Some of the officers were granted second advances without retiring the earlier advances, contrary to Financial Regulation No. 1705. Efforts should be made to recover these advances from the affected staff, forwarding the particulars for audit verification.

8.15 Also, Motor vehicle and Motor cycle advances totalling ₦108,500,000.00 granted to 830 customs officers in 2007 were not recovered as at the time of audit inspection in September, 2008, contrary to Financial Regulation No. 1705. The Comptroller-General has been asked to produce the documents and registers showing how the advances were being recovered for audit verification.

8.16 Audit examination of the books and records relating to independent revenue generated at the Customs Headquarters showed that the sums of ₦16,065,118.28 and ₦23,613,395.51 receipted as interest received on Over-Head and personnel Cost accounts with two Commercial Banks were not remitted and paid to the Consolidated Revenue Fund Accounts, contrary to Financial Regulation No. 323. The Comptroller-General has been requested to confirm the exact location of this fund and whether it has now been credited to the Consolidated Revenue Accounts, quoting payment particulars for audit verification.

8.17 Payment vouchers totalling ₦65,953,864.70, used for various payments from January to December, 2007 were not produced for audit examination. All efforts to have access to these vouchers proved abortive. As I could not satisfy myself that the expenditure incurred was proper and legitimate in the interest of the government, the Comptroller-General was asked to produce the said vouchers for audit examination.

8.18 During the verification and scrutiny of Departmental Vote Expenditure Accounts (DVEA) of the Nigeria Customs Headquarters, Abuja, it was observed that a total of ₦541,998,518.04 was withdrawn from various subheads without virement authorization. The attention of the Comptroller-General has been drawn to this irregularity for his comments.

8.19 A total sum of ₦3,605,000,000.00 capital appropriation for the year ended 2007, was not implemented due to the fact that ICPC carted away important financial documents which caused delay in processing Due Process Certificate of payments. This unspent balance was not paid to revenue but said to have been revoted in the 2008 budget, contrary to the provision of the Financial Regulation No. 513. The Comptroller-General has been requested to produce the authority for merging the unspent balance with the 2008 year budget.

8.20 Cash Advances for amounts totalling ₦47,384,087.00 granted to 94 officers between January and December, 2007, had not been retired as at the time of audit inspection, contrary to Financial Regulation 1705. The Comptroller-General has been duly informed and asked to recover the outstanding advances from the officer's emoluments immediately, forwarding recovery particulars for audit verification.

8.21 A total sum of ₦247,106,002.02 was paid as consultancy fees between 2006/2007. The payments lack necessary supporting documents to determine the genuineness of the payments, contrary to Financial Regulation No. 603. The comptroller-General has been asked to produce the Contract Agreement signed with the consultants, details of consultancy services rendered and other documents that would support the genuineness of the transactions.

8.22 At the Customs Medical Centre, Karu, Abuja, Value-for-Money would appear not taken into consideration for the purchase of a Radiology Equipment at a cost of ₦25,667,500.00 in April, 2007. This is because the equipment is yet to be installed

and functional several months after delivery. The Comptroller-General was asked to attest to the functionality of this machine and to confirm if it has now been installed. His attention was also drawn to the provision of Financial Regulation No. 515 for compliance of at all times.

NATIONAL COMMISSION FOR MUSEUM AND MONUMENT

8.23 During the periodic check on the revenue accounts and records of National Commission for Museum and Monument Headquarters, it was observed that the Commission used Cash Advance to pay for its supplies which amounted to ₦48,855,556.00 between February and December, 2007. These payments should have attracted Value Added Tax of ₦2,443,777.80 and Withholding Tax of ₦2,442,777.80, thus resulting to loss of revenue to the Federal Government. The Director-General was asked to explain why the Commission chose to use Cash Advance for such volume of transactions totalling ₦48,855,556.00 in violation of extant regulation, and thereby causing loss of revenue to the Government.

8.24 The sum of ₦5,198,977.60 which represents the revenue collected by various Museums from the twenty-seven (27) States were expended contrary to the provisions of the Financial Regulation No. 323 which stipulates that "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the Consolidated Revenue Fund Account". Efforts should be made to retrieve the money, pay same back to chest and provide details of recovery for audit verification.

All the issues raised have been communicated to the Director-General for prompt action.

NATIONAL INSURANCE COMMISSION

8.25 During the periodic check of the National Insurance Commission for the period under review, it was noted from a review of Pay As You Earn (PAYE) records that the total sum of ₦1,202,143.52 already deducted and charged to cash book was yet to be remitted as at the time of audit inspection in June, 2008. Delay in remittance may tempt the Commission to divert the money for use in other areas. The Director-General has been asked to pay the money to the appropriate Tax Authority in accordance with extant regulation, and produce the relevant receipt for audit verification.

8.26 It was also observed that the Commission used cash advances totalling ₦37,310,468.80 to settle contract supplies with individual contracts whose value was more than ₦100,000.00, contrary to Treasury Circular No. TRY/A5/B5/2001;

OAGF/TS/005/M/222 of 7th September, 2001. The Director-General has been requested to pay the total sum of ₦3,731,046.80 being the VAT and Withholding taxes lost by Government to the Federal Inland Revenue Service, forwarding the relevant receipt particulars for audit verification.

8.27 Withholding Tax Valued at ₦1,057,063.55 was not deducted from a retainership payments of ₦21,141,271.00 for medical services incurred by various Hospitals and Clinics between April and December, 2007.

8.28 Also Six companies were paid the sum of ₦7,459,142.60 without deducting the Value Added Tax of ₦372,957.13, in respect of goods and services offered to the Commission. The Director-General has been requested to recover and pay all the unremitted tax liabilities to the relevant tax authorities and forward tax receipts to my office for audit verification.

8.29 During the months of April – December, 2007, the Commission paid a total sum of ₦149,700,000.00 to some consultants who were engaged to carry out professional consultancy services on its behalf. Subsequently, the Commission deducted and remitted 10% Withholding Tax of ₦14,700,000.00 to the Tax Authority instead of the sum of ₦14,970,000.00 thereby resulting to short-payment of ₦270,000.00 to be remitted. This constitutes a loss of revenue to the Federal Government. The anomaly has been reported to the Director-General who was asked to remit the balance of ₦270,000.00 to the Federal Inland Revenue Service, forwarding receipt particulars for audit verification.

All the issues raised above have been communicated to the Director-General for prompt action.

FEDERAL INSTITUTE OF INDUSTRIAL RESEARCH OSHODI, LAGOS (FIRRO)

8.30 During the periodic check of revenue and remittance records maintained by the above-named organization, it was noted that Withholding Taxes deducted from contract sums paid to contractors who handled capital projects for the Institute during the year under review amounted to ₦6,614,514.28. Instead of remitting the whole Taxes to the FIRS, only the sum of ₦4,837,914.79 was remitted while the balance of ₦1,776,239.99 was paid to Lagos State Board of Internal Revenue Service (LSBIRS) even when the contractors are corporate organizations and not individuals. The Permanent Secretary has been requested to justify the payment made to the LSBIRS or refund the money to Federal purse.

8.31 Also, the sum of ₦57,700.00 was deducted from a company as Value-Added Tax (VAT and Withholding Tax (WHT), but instead of paying the whole amount to FIRS, only the sum of ₦49,700.00 was paid leaving a balance of ₦8,000.00

unremitted, thereby depriving the Federal Government of its legitimate revenue. The anomaly has been communicated to the Permanent Secretary asking him to pay the sum of ₦8,000.00 to the FIRS, forwarding receipt particulars for audit verification.

All the issues raised above have been conveyed to the Permanent Secretary for prompt action.

ACKNOWLEDGEMENT

I wish to express my profound gratitude and deep appreciation to all members of my staff for their hard work and diligence during the period under review. This Report is a demonstration of their devotion to duty and unalloyed support for the role of this Office. I also thank all those functionaries outside my Office who have so delightfully co-operated with my Office in the performance of my statutory duties this year and in the compilation of this Report.

(SIGNED)
O. R. EJENAVI
Auditor-General for the Federation.

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15th May 2009

SECTION 9

APPENDICES

APPENDIX 1A

LOSSES OF GOVERNMENT FUNDS ARISING FROM FRAUD THEFT OR NEGLIGENCE JANUARY – DECEMBER, 2007

"A" – LOSS OF CASH – ₦10,000.00 AND ABOVE

NO.	DESCRIPTION	FILE NO.	AMOUNT ₦	WHETHER RECOVERED OR MADE GOOD AND BY WHOM	WHETHER WRITTEN OFF AND ON WHOSE AUTHORITY
1.	**NIGERIA POSTAL SERVICE, ABUJA** A loss of fund through theft was reported of postage stamp belonging to the Nigeria Postal Service which occurred as a result of theft by a Senior Postal Officer Grade II.	E 3382	₦661,500.00	Not Yet Recovered	Under Action
2.	**KOGI STATE TERRITORY, LOKOJA** Properties of the Kogi State Territory, Lokoja Nigeria Postal Service, Territorial Headquarters were carted away when armed robbers burgled the office on the 23/06/2007. The matter was said to have been reported to the Police but my Office is yet to be informed formally.	-	₦205,000.00	Not Yet Recovered	Under Action
3.	**NATIONAL EMERGENCY MANAGEMENT AGENCY.** A loss of Government funds totalling ₦1,933,000.00 and $190,725.00 was reported of the armed bandits who invaded the Agency on the night of Sunday, 14th January, 2007. No arrest has been made since then.	E3381	₦1,933,000.00 $190,725.00	Not Yet Recovered	Under Action
		TOTAL LOSS	**₦2,799,500.00** **$190,725.00**		

AMOUNT RECOVERED = NIL
NET LOSS = ₦2,799,500.00
$190,725.00

APPENDIX 1B

LOSSES OF GOVERNMENT FUNDS ARISING FROM FRAUD THEFT OR NEGLIGENCE
JANUARY – DECEMBER, 2007

"B" – LOSS OF STORES, PLANTS, VEHICLES AND EQUIPMENT VALUED AT – ₦10,000.00 AND ABOVE

NO.	DESCRIPTION	FILE NO.	AMOUNT ₦	WHETHER RECOVERED OR MADE GOOD AND BY WHOM	WHETHER WRITTEN OFF AND ON WHOSE AUTHORITY
1.	**NATIONAL SPORTS COMMISSION, ABUJA** A loss of Toyota Lite Ace Bus with Registration No. 101-A27 belonging to the Commission was reported stolen where it was parked outside the Federal Secretariat on the 28th June, 2007. The case was reported to the Police who is yet to issue investigation report on the theft.	EA 3345	5,000,000.00	Not Yet Recovered	Under Action
2.	**FEDERAL MINISTRY OF ENVIRONMENT, HOUSING AND URBAN DEVELOPMENT**				
(a)	Stores items were reported stolen from the Central Store of the Environment Section of the above Ministry on an unspecified date by unknown persons who exploited the loophole created by the inadequate security to which the container which housed the items was exposed.	EA 3343	5,512,300.00	Not Yet Recovered	Under Action
(b)	A loss of property through theft was reported at the office of the Director, Planning, Research and statistics of the Ministry on an unspecified date by an unknown persons.	EA 3344	340,000.00	Not Yet Recovered	Under Action
3.	**FEDERAL MINISTRY OF TRANPORT, ABUJA** A loss of Government Stores was reported at the above-named Ministry. The loss occurred at the night of Tuesday 30th January, 2007 when unknown persons allegedly invaded the stores and carted away store items.	-	1,769,140.00	Not Yet Recovered	Under Action

4.	**NIGERIA EXPORT PROCESSING ZONES AUTHORITY** Loss of various items, vital documents and property were reportedly burnt down on Friday, 2nd February, 2007 at exactly 11.30am when staff were busy at their various offices.	EA 3342	Value Unknown	Not Yet Recovered	Under Action
5.	**NIGERIA PRISONS, ONITSHA ANAMBRA STATE,** Loss of one (1) Arsena Riffle No. 5143 whose value is yet to be determined was discovered not reported formally as required by the policy.	-	Value Unknown	Not Yet Recovered	Under Action
6.	**STATE HOUSE BUDGET MONITORING AND PRICE INTELLIGENCE UNIT (BMPIC)** Loss of 4 No. Digital Cameras (1xvs 40 Cannon) issued to the above unit was found missing at the store without due process on reporting of loss of government store items.	-	600,000.00	Not Yet Recovered	Under Action
7.	**UPPER NIGER BASIN DEVELOPMENT AUTHORITY** Loss of a Toyota Hilux 2-WD purchased on 12th April, 2006 and formally used by the Executive Director/Operations, was noticed stolen without formal reports to the necessary authorities.	-	4,300,000.00	Not Yet Recovered	Under Action
	GRAND TOTAL		**₦17,521,440.00**		

APPENDIX 2A

SCHEDULE OF UNCOLLECTED REVENUE BY THE FEDERAL INLAND REVENUE SERVICE IN YEAR 2007

S/N	STATION	TYPE OF REVENUE	AMOUNT ₦	TOTAL ₦
1.	Integrated Tax Office, Garki	Company Income Tax (C.I.T)	2,690,686.05	
		VAT	485,089.21	
		WHT	204,900.00	
		Education Tax – P.A.Y.E.	321,435.00	
			175,666.83	3,877,777.09
2.	FIRS, Calabar	Company Income & Education Taxes	106,374,607.10	106,374,607.10
3.	Integrated Tax Office, Ikeja	VAT	2,058,044.68	
		VAT	924,833,099.00	
		VAT	63,155,135.24	990,046,278.92
4.	Integrated Tax Office, Surulere, Lagos	VAT	3,906,929.20	
		C.I.T	342,593.56	
		Education Tax	144,800.00	4,394,322.76
5.	National Insurance Commission	PAYE	1,202,143.52	
		VAT	1,865,523.40	
		WHT	1,865,523.40	
		WHT	1,057,063.55	
		VAT	372,957.13	6,363,211.00
6.	Wuse Integrated Tax Office	C.I.T.	134,138,145.94	
		VAT	44,548,552.77	
		Education Tax	16,058,410.00	
		PAYE	21,230,100.61	215,975,209.32
7.	Federal Institute of Industrial Research, Oshodi	WHT	1,776,239.99	
		VAT	8,000.00	1,784,239.99
			GRAND TOTAL	**₦1,328,815,646.18**

APPENDIX 2B

SCHEDULE OF REVENUE UNACCOUNTED FOR BY NIGERIA CUSTOMS SERVICE, ABUJA IN YEAR 2007

S/N	TYPE OF REVENUE	TOTAL AMOUNT COLLECTED ₦	TOTAL AMOUNT PAID TO TREASURY ₦	AMOUNT YET TO BE ACCOUNTED FOR ₦
1.	Interest received on Over-Head Account from a commercial bank	16,065,118.28	NIL	16,065,118.28
2.	Interest received on Personnel Cost Account from a commercial bank	23,613,395.51	NIL	23,613,395.52
	GRAND TOTAL	**39,678,513.79**	NIL	**39,678,513.79**

APPENDIX 3A

SUMMARY OF FUNDS NOT REMITTED TO FEDERATION ACCOUNT IN YEAR 2007

S/N	DESCRIPTION	AGENCY	AMOUNT	
			₦	US$
1.	Joint Venture Cash Calls (JVC)	AGF/FAAC /CBN	549,973,760,000.00	
2.	Excess Crude Oil	AGF/FAAC /CBN	1,168,511,662,922.05	
3.	Petroleum Product Subsidy	AGF/FAAC /CBN	236,641,070,020.09	
4.	Petroleum Profit Tax (PPT)	AGF/FAAC /CBN	25,951,748,230.40	
5.	Royalties	AGF/FAAC /CBN	62,542,189,484.65	
6.	Funding of FAAC in 2007	AGF/FAAC /CBN	124,673,047.21	
7.	Bench-mark of the Domestic Crude Sales Proceeds	CBN	38,816,991,438.97	
8.	Governors' Forum Expenses on Secretariat Project and Upkeep of the Federation Account Secretariat	AGF/FAAC	540,000,000.00	
9.	Short-Distribution of fund from Excess Crude Account (Export and Domestic Crude oil sales) Excess Royalty and Excess PPT in 2007	AGF (FAAC)	548,071,357,638.15	
10.	Excess Crude Oil Withdrawals not traceable to FAAC records	AGF/CBN		1,604,908,272.37
11.	Excess Crude Oil /PPT Royalty Revenue not reflected in CBN Statement of Account.	AGF		1,569,374,511.55
12.	Interest earned on Joint Venture Cash Call Account in 2007	NNPC		50,435,671.44
13.	Funds illegally diverted in the year 2007 for the execution of progammes and activities not included in the approved budget of Joint Venture Operation.	NNPC	80,209,746,847.00	1,550,864,976.64
14.	Underpayment of Domestic Royalties Revenue in April, 2007	DPR	2,000,000.00	
15.	Underpayment of concession Rentals	DPR	1,496,330.00	
16.	Short-payment of Miscellaneous Revenue	DPR	5,742,400.00	
	GRAND TOTAL		**₦2,711,392,438,358.52**	**$4,775,583,431.45**

APPENDIX 3B

FUNDS OF FEDERATION ACCOUNT PLACED ON FIXED TERM DEPOSIT AND ORDINARY DEPOSIT ACCOUNTS WITHOUT AUTHORITY

S/N	DESCRIPTION	AMOUNT	
		~~₦~~	US$
1.0	FGN Excess Proceed of Crude Oil Sales		174,008,529.04 45,091,224.15
2.0	FGN Excess Proceeds of PPT/Royalty Account		213,354,142.31 20,515,048.02
3.0	FGN Excess Proceeds of Crude Sales A/c in November, 2007		2,800,000.000
	T **TOTAL**		**US$3,252,968,943.52**

APPENDIX 3C

SUMMARY OF
PAYMENTS MADE BY PETROLEUM TECHNOLOGY DEVELOPMENT FUND (PTDF) OUTSIDE ITS LEGISLATIVE MANDATES

S/N	DESCRIPTION	DATE	AMOUNT ₦
1.	Cost of publishing & Circulation of Petroleum Training Journal	2004/ 2005	4,000,000.00
2.	=do=	2004/	1,000,000.00
3.	=do=	2005	2,000,000.00 1,000,000.00
4.	Take-off Grant for the Presidential Standing Committee on Inventions and Innovations		25,000,000.00
5.	Appraisal visit by House Committee on Niger Delta (Assistance)		5,100,000.00
6.	Loss of Interest income on Bank current Account at 1st Bank		21,000,000.00
7.	Loss of Income on Bank Deposit in Platinum Bank		61,000,000.00
8.	Loss of Income on Bank Deposit in Trans-International Bank		70,970,000.00
9.	Payment of Severance Benefits to 4 former members of the Interim Management Committee		30,800,184.00
10.	Payment for Borehole & Water Storage not executed		3,557,295.00
11.	Recruitment of specialized Management Information Software for Ministry of Solid Minerals		37,500,000.00
12.	Construction of Boreholes and water storage at University of Ibadan (contract not executed)		3,496,578.05
13.	Contract for the supply and Installation of Computer Hard and Software at University of Jos (contract not executed)		14,503,736.00
14.	Contract for Installation and commissioning of laboratory equipment in 6 Universities (15% Fee paid without performance)		71,889,738.50
15.	Assistance to Ministerial Media Summit on Petroleum Sector	6/9/02	600,000.00
16.	Assistance to Ministry of Petroleum Resources visitation Panel to Petroleum Training Institute, Warri, Delta State.	5/4/05	5,427,992.00
17.	Cheques meant for corporate Bodies allegedly issued to individuals		16,832,804.75
18.	Vouchers Not Produced for audit examination. (a) 1st Bank – Main Account (100) (b) 1st Bank - US Dollar A/c (135) (c) 1st Bank – GBP Account (32)		₦124,501,836.26 US$34,902,955.93 £566,145.33
	GRAND TOTAL		500,180,164.56 US$34,902,955.93 £566,145.33

SECTION 10

ACCOUNTANT-GENERAL'S FINANCIAL STATEMENTS (REPRODUCED)

STATEMENT NO. 1
FEDERAL GOVERNMENT OF NIGERIA
CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

	CURRENT YEAR 2007 ₦	PREVIOUS YEAR 2006 ₦
CashFlows from Operating Activities:		
Receipts:		
Statutory Allocations:	1,586,431,283,404.73	1,463,354,095,049.55
Statutory Allocations:Other Agencies	58,725,657,428.59	34,015,589,657.54
Value Added Tax Allocation	40,549,774,977.57	30,961,107,990.16
Direct Taxes:	67,704,582.89	21,830,248.73
Licences and Internal Revenue:	345,701,525.15	231,226,411.04
Mining:	230,683,046.12	227,090,292.58
Fees:	4,910,370,499.96	4,178,257,631.39
Earnings and Sales:	1,050,869,175.84	44,942,933,372.34
Rent on Government Property:	1,033,155,539.78	494,869,015.94
Interest and Repayment-General:	140,007,211,681.26	7,395,872,209.25
Re-Imbursement:	99,343,446.10	3,163,112.40
Miscellaneous:	5,673,135,885.54	3,628,201,226.52
Total Receipts:-	**1,839,124,891,193.53**	**1,589,454,236,217.44**
Payments:		
Personnel Costs:	269,011,239,112.95	222,083,270,061.59
Federal Govt Contribution to Pension:	36,732,436,476.53	13,978,503,011.00
Overhead Charges:	198,840,055,107.27	138,532,537,005.32
Consolidated Revenue Fund Charges:	510,358,713,345.98	224,790,062,713.58
Subvention to Parastatals:	421,978,942,171.24	363,222,345,554.03
Total Payments:-	**1,436,921,386,213.97**	**962,606,718,345.52**
Net Cash Flow from Operating Activities:	**402,203,504,979.56**	**626,847,517,871.92**
CashFlows from Investment Activities:		
Purchase/Construction of Assets:	797,779,781,438.95	503,406,197,122.58
Net Cash Flow from Investment Activities:	**-797,779,781,438.95**	**-503,406,197,122.58**
CashFlows from Financing Activities:		
Proceeds from Loan & Other Borrowings(NTB):	1,479,864,777,926.47	1,673,938,471,014.86
Internal Loans:-	170,092,154,383.56	120,000,000,000.00
Repayment of Loans(NTB):	1,480,652,995,000.00	1,660,943,272,725.54
Net Cash Flow from Financing Activities:	**169,303,937,310.03**	**132,995,198,289.32**
Net Increase/(Decrease) in Below-the-Line items:	-137,345,640,539.58	262,062,338,977.98
Net Increase/Decrease in Cash & Its Equivalent:	-88,926,698,609.78	-5,625,819,939.32
Cash & Its Equivalent as at 1st January, 2007	173,441,286,511.46	179,067,106,450.78
Cash & Its Equivalent as at 31st December, 2007	84,514,587,901.68	173,441,286,511.46

Ibrahim H. Dankwambo ***OON***
Accountant-General of the Federation

STATEMENT NO. 2

FEDERAL GOVERNMENT OF NIGERIA

STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST DECEMBER, 2007

	NOTES	CURRENT YEAR 2007 ₦	PREVIOUS YEAR 2006 ₦
ASSETS:-			
Liquid Assets:-			
Cash Held by AGF:			
-CRF Balance:		-3,769,936,474.54	6,672,214,437.87
-Pension Account:		55,245,482.40	51,572,848,090.88
-Other Funds:	2	2,121,648,478.37	2,121,648,478.37
-Federal Pay Offices:	3	47,598,901.74	465,623,861.25
Cash Held by Ministries:-	4	65,656,459,494.92	84,275,354,229.91
Remmittances:-	5	441,822,465,755.04	593,350,095,846.62
Imprests:-	6	-151,552,263.09	-245,195,706.03
Cash -in - Transit:-	7	20,403,572,018.79	28,333,597,413.18
Investments:			
Advances:-	8	22,642,321,869.32	13,904,678,513.29
Treasury Clearance Accounts:-	9	2,190,597,780.74	2,190,597,780.74
Revolving Loans:-	10	5,340,207,145.64	0.00
TOTAL ASSETS		**556,358,628,189.33**	**782,641,462,946.08**
LIABILITIES:-			
Consolidated Revenue Fund:		516,790,114,460.05	735,301,146,830.23
Captial Development Fund:		36,997,864,659.68	44,759,171,438.86
Other Public Funds:		2,121,648,478.37	2,121,648,478.37
Police Reward Fund:		306,091,743.93	306,091,743.93
External Loans:***			
Internal Loans:***			
Development Loan Stock:***			
Other Liabilities:-			
Deposits:-	11	142,908,847.30	153,404,454.69
TOTAL LIABILITIES		**556,358,628,189.33**	**782,641,462,946.08**

Ibrahim H. Dankwambo ***OON***

Accountant-General of the Federation

STATEMENT NO. 3
FEDERAL GOVERNMENT OF NIGERIA
STATEMENT OF CONSOLIDATED REVENUE FUND
FOR THE YEAR ENDED 31ST DECEMBER, 2007

ACTUAL PREVIOUS YEAR(2006)		NOTES	BUDGET CURRENT YEAR(2007) ₦	ACTUAL CURRENT YEAR(2007) ₦	VARIANCE %
352,174,301,371.57	**Opening Balance:**			**735,301,146,830.23**	
	ADD: REVENUE				
1,463,354,095,049.55	Statutory Allocations:FAAC		1,746,000,000,000.00	1,586,431,283,404.73	90.86
34,015,589,657.54	FAAC Allocation to FIRS/CUSTOMS		40,915,382,100.00	58,725,657,428.59	143.53
30,961,107,990.16	Value Added Tax Allocation		38,000,000,000.00	40,549,774,977.57	106.71
21,830,248.73	Direct Taxes		5,212,057,878.54	67,704,582.89	1.30
231,226,411.04	Licences and Internal Revenue:		521,755,650.29	345,701,525.15	66.26
227,090,292.58	Mining:		1,032,622,739.76	230,683,046.12	22.34
4,178,257,631.39	Fees:		8,520,746,726.96	4,910,370,499.96	57.63
44,942,933,372.34	Earnings and Sales:		1,646,917,780.39	1,050,869,175.84	63.81
494,869,015.94	Rent on Government Property:		1,460,423,714.86	1,033,155,539.78	70.74
7,395,872,209.25	Interest and Repayment:General:		42,523,190,782.94	140,007,211,681.26	329.25
3,163,112.40	Re-imbursement		4,788,341,726.56	99,343,446.10	2.07
3,628,201,226.52	Miscellaneous:		20,293,942,999.71	5,673,135,885.54	27.95
1,589,454,236,217.44	***TOTAL REVENUE:***		**1,910,915,382,100.00**	**1,839,124,891,193.53**	**96.24**
	LESS:EXPENDITURE				
222,083,270,061.59	Personnel Costs:	12	280,634,155,274.12	269,011,239,112.95	95.86
13,978,503,011.00	Federal Govt Contribution to Pension:		23,994,167,202.93	36,732,436,476.53	153.09
138,532,537,005.32	Overhead Charges:	13	254,603,270,657.38	198,840,055,107.27	78.10
224,790,062,713.58	Consolidated Revenue Fund Charges:	14	336,474,321,254.70	510,358,713,345.98	151.68
363,222,345,554.03	Subvention to Parastatals:	15	347,069,665,825.94	421,978,942,171.24	121.58
962,606,718,345.52	***TOTAL EXPENDITURE:***		**1,242,775,580,215.07**	**1,436,921,386,213.97**	**115.62**
979,021,819,243.49	**OPERATING BALANCE:**		**668,139,801,884.93**	**1,137,504,651,809.79**	**170.25**
	APPROPRIATIONS/TRANSFERS:				
243,720,672,413.26	Transfer to Capital Development Fund:		830,557,929,821.00	620,714,537,349.74	**74.73**
	Loan Repayment:				
735,301,146,830.23	**CLOSING BALANCE:**			**516,790,114,460.05**	

Ibrahim H. Dankwambo ***OON***
Accountant-General of the Federation

STATEMENT NO. 4
FEDERAL GOVERNMENT OF NIGERIA
STATEMENT OF CAPITAL DEVELOPMENT FUND
FOR THE YEAR ENDED 31ST DECEMBER, 2007

ACTUAL PREVIOUS YEAR(2006) ₦		BUDGET CURRENT YEAR (2007) ₦	BUDGET C/F 2006	TOTAL FUNDS	TOTAL EXP. YEAR '2007 ₦	VARIANCE %
171,449,497,858.86	**Opening Balance:**				44,759,171,438.86	
	ADD: REVENUE					
243,720,672,413.26	Transfer from Consolidated Revenue Fund:	830,557,929,821.00		830,557,929,821.00	620,714,537,349.74	
132,995,198,289.32	Internal Loans: (**NOTE 16**)				169,303,937,310.03	
	External Loans:				0.00	
548,165,368,561.44	***TOTAL CAPITAL RECEIPTS***	830,557,929,821.00		830,557,929,821.00	***834,777,646,098.63***	
	LESS:EXPENDITURE					
	Economic Sector:					
4,069,953,775.63	AGRICULTURE & RURAL DEVELOPMENT	22,703,578,013.00	12,052,856,736.63	34,756,434,749.63	34,756,434,749.63	100.00
428,343,992.46	FEDERAL INLAND REVENUE SERVICE	5,140,532,455.00		5,140,532,455.00	3,445,569,567.00	67.03
	NIGERIAN CUSTOMS SERVICE	3,605,000,000.00		3,605,000,000.00	1,677,779,960.47	46.54
73,587,107,298.28	WATER RESOURCES	116,894,899.51	66,779,238,114.54	66,896,133,014.05	66,896,133,014.05	100.00
3,375,058,967.60	FINANCE	4,333,650,100.00		4,333,650,100.00	2,942,074,613.21	67.89
1,227,079,118.77	INDUSTRY	273,983,898.00	106,756,180.39	380,740,078.39	380,740,078.39	100.00
72,333,973,803.17	POWER AND STEEL	100,077,398,428.32		100,077,398,428.32	51,664,483,258.26	51.62
2,637,522,128.49	SCIENCE & TECHNOLOGY	15,547,830,061.65		15,547,830,061.65	9,224,771,171.60	59.33
1,532,109,145.08	COMMERCE	2,750,682,801.54		2,750,682,801.54	1,692,041,573.21	61.51
885,764,246.04	MINISTRY OF TRANSPORT	13,258,090,355.50		13,258,090,355.50	8,828,463,086.15	66.59
82,385,907.50	PETROLEUM RESOURCES	716,126,211.00		716,126,211.00	144,510,954.79	20.18
72,783,872,468.74	WORKS	189,541,944,170.61		189,541,944,170.61	149,127,631,764.45	78.68
3,163,351,859.59	COMMUNICATION	2,450,970,526.00	4,329,008,201.28	6,779,978,727.28	6,779,978,727.28	100.00
2,420,819,923.94	SOLID MINERALS DEVELOPMENT	3,875,650,000.00		3,875,650,000.00	1,861,006,945.17	48.02
359,489,201.74	AVIATION	19,840,285,434.68		19,840,285,434.68	7,341,139,290.07	37.00
5,134,885,003.56	CULTURE & TOURISM	3,245,003,260.00		3,245,003,260.00	3,128,921,251.59	96.42
0.00	GEOLOGICAL SURVEY AGENCY	2,549,340,700.00		2,549,340,700.00	1,955,450,559.37	76.70
228,401,349.65	NATIONAL PLANNING COMMISSION	482,000,000.00		482,000,000.00	295,065,000.00	61.22
3,500,000,000.00	BANK OF INDUSTRY	0.00		0.00	0.00	0.00
3,500,000,000.00	FEDERAL MORTGAGE BANK OF NIGERIA	0.00		0.00	0.00	0.00
4,200,000,000.00	NIGERIA AGRIC & CO-OPERATIVE BANK	0.00		0.00	0.00	0.00
13,142,652,949.37	CAPITAL SUPPLEMENTATION	41,000,000,000.00	3,718,618,097.82	44,718,618,097.82	44,718,618,097.82	100.00
825,843,000.00	COUNTER-PART FUNDING	5,000,000,000.00	1,259,211,939.31	6,259,211,939.31	6,259,211,939.31	100.00
0.00	ADJUSTMENT TO CAPITAL COSTS	2,000,000,000.00		2,000,000,000.00	1,658,184,780.27	82.91

	Social Service Sector:					
1,432,469,245.19	WOMEN AFFAIRS	9,975,790,725.00		9,975,790,725.00	1,710,389,900.21	17.15
8,571,083,171.89	EDUCATION	47,103,779,521.09		47,103,779,521.09	28,572,082,093.26	60.66
30,480,000,000.00	UNIVERSAL BASIC EDUCATION	35,300,000,000.00	8,399,300,000.00	43,699,300,000.00	43,699,300,000.00	100.00
20,550,940,584.49	HEALTH	52,536,005,424.80		52,536,005,424.80	50,979,061,148.74	97.04
546,402,469.57	LABOUR AND PRODUCTIVITY	1,866,695,056.00		1,866,695,056.00	985,108,286.41	52.77
1,314,612,857.95	SPORTS & SOCIAL DEVELOPMENT	1,381,797,830.00		1,381,797,830.00	466,156,085.49	33.74
4,884,671,979.91	HOUSING & URBAN DEVELOPMENT	5,273,724,701.00		5,273,724,701.00	2,799,814,994.85	53.09
2,481,054,277.36	ENVIRONMENT	1,394,476,408.00	690,362,685.81	2,084,839,093.81	2,084,839,093.81	100.00
1,657,455,281.09	NAPEP	2,000,000,000.00		2,000,000,000.00	306,889,057.74	15.34
	Law and Justice:					
11,384,128,835.86	POLICE AFFAIRS/POLICE FORCE	798,886,201.00	13,794,176,242.87	14,593,062,443.87	14,593,062,443.87	100.00
	POLICE FORMATION & COMMAND	9,975,790,725.00		9,975,790,725.00	37,179,520.83	0.37
44,897,790.04	NATIONAL HUMAN RIGHTS COMMISSION	81,000,000.00	28,446,248.44	109,446,248.44	109,446,248.44	100.00
3,392,617,853.48	INTERNAL AFFAIRS	11,271,716,472.00		11,271,716,472.00	5,593,478,001.96	49.62
973,917,205.75	JUSITICE	1,764,063,456.00		1,764,063,456.00	1,235,945,127.58	70.06
194,863,924.60	FEDERAL JUDICIAL SERVICE COMM	1,369,000,000.00		1,369,000,000.00	764,223,918.74	55.82
3,220,604,747.94	NATIONAL INDUSTRIAL COURT, LAGOS	3,450,000,000.00	1,411,482,595.18	4,861,482,595.18	4,861,482,595.18	100.00
743,543,414.81	NATIONAL JUDICIAL INSTITUTE (NJI)	1,382,000,000.00		1,382,000,000.00	976,941,129.57	70.69
1,639,243,862.86	NATIONAL JUDICIAL COUNCIL	170,000,000.00	2,767,711,384.42	2,937,711,384.42	2,937,711,384.42	100.00
602,180,544.47	SUPREME COURT	1,145,000,000.00		1,145,000,000.00	1,122,073,085.52	98.00
3,491,029,106.13	COURT OF APPEAL	2,517,045,400.00	1,880,531,031.37	4,397,576,431.37	4,397,576,431.37	100.00
2,843,986,135.19	FEDERAL HIGH COURT	3,168,328,000.00	1,253,220,428.08	4,421,548,428.08	4,421,548,428.08	100.00
512,198,580.37	FCT JUDICIAL SERVICE COMMITTEE	2,556,249,968.76		2,556,249,968.76	757,166,234.21	29.62
3,716,905,995.44	FCT HIGH COURT OF JUSTICE	750,000,000.00	2,504,013,313.59	3,254,013,313.59	3,254,013,313.59	100.00
316,569,352.29	SHARIA COURT OF APPEAL	891,245,800.00		891,245,800.00	365,874,841.14	41.05
220,121,052.90	CUSTOMARY COURT OF APPEAL	715,000,000.00	115,051,480.52	830,051,480.52	830,051,480.52	100.00
	Regional Development					
26,130,000,000.00	Niger Delta Development Commission	26,130,000,000.00	3,870,000,000.00	30,000,000,000.00	30,000,000,000.00	100.00
	Administrative Sector:					
8,699,173,089.06	PRESIDENCY	13,281,031,953.75	25,337,411,141.54	38,618,443,095.29	38,618,443,095.29	100.00
246,161,544.00	INTERGOVERNMENTAL AFFAIRS	2,154,717,003.00		2,154,717,003.00	790,943,917.38	36.71
277,236,890.15	AUDITOR-GENERAL FOR THE FED.	584,621,325.00	154,571,268.78	739,192,593.78	739,192,593.78	100.00
12,100,780,305.42	DEFENCE/MOD/ARMY/AIRFORCE/NAVY	24,909,305,773.76	1,021,236,900.64	25,930,542,674.40	25,930,542,674.40	100.00
6,390,788,357.70	NATIONAL POPULATION COMMISSION	4,296,104,656.00	443,774,322.10	4,739,878,978.10	4,739,878,978.10	100.00
55,361,406,158.40	FEDERAL CAPITAL TERRITORY	70,550,000,000.00	19,466,648,119.20	90,016,648,119.20	90,016,648,119.20	100.00

2,822,689,101.50	FOREIGN AFFAIRS	2,823,240,000.00	3,419,348,499.76	6,242,588,499.76	6,242,588,499.76	100.00
3,303,630,700.00	FOREIGN AFFAIRS- OVERSEAS MISSIONS	7,696,716,475.00		7,696,716,475.00	1,110,564,692.53	14.43
3,614,017,119.93	INFORMATION & NATIONAL ORIENTATION	8,682,276,993.00		8,682,276,993.00	3,051,518,284.93	35.15
1,667,059,552.10	OFFICE OF THE HEAD OF SERVICE OF FED	4,077,894,364.01	76,997,859.54	4,154,892,223.55	4,154,892,223.55	100.00
0.00	PUBLIC COMPLIANTS COMMISSION	34,000,000.00	59,554,750.17	93,554,750.17	93,554,750.17	100.00
43,828,622.00	NATIONAL SALARIES AND WAGES COMM	80,000,000.00		80,000,000.00	79,268,769.03	99.09
253,865,246.40	CO-OPERATION & INTEGRATION IN AFRICA	0.00		0.00	0.00	0.00
172,153,217.63	REV MOB FISCAL & ALLOCATION COMM	600,000,000.00	38,037,681.80	638,037,681.80	638,037,681.80	100.00
56,781,554.00	FEDERAL CIVIL SERVICE COMMISSION	81,000,000.00		81,000,000.00	55,112,313.00	68.04
1,257,485,618.81	FEDERAL CHARACTER COMMISSION	142,700,000.00	3,428,314.20	146,128,314.20	146,128,314.20	100.00
77,096,570.00	CODE OF CONDUCT BUREAU	296,453,552.00		296,453,552.00	35,000.00	0.01
2,213,686,199.73	NATIONAL ASSEMBLY OFFICE	2,956,800,000.00		2,956,800,000.00	2,242,358,746.18	75.84
1,197,851,924.66	SENATE	2,155,217,159.00	1,029,801,674.58	3,185,018,833.58	3,185,018,833.58	100.00
2,811,970,615.84	HOUSE OF REPRESENTATIVES	3,307,262,000.00		3,307,262,000.00	3,196,365,918.36	96.65
74,422,326.06	NATIONAL ASSEMBLY SERVICE COMM.	725,000,000.00		725,000,000.00	109,062,806.09	15.04
503,406,197,122.58	*TOTAL EXPENDITURE:*	*812,910,898,257.98*	*176,010,795,212.56*	*988,921,693,470.54*	*797,779,781,438.95*	*80.67*
216,208,669,297.72	CLOSING BALANCE:				36,997,864,659.68	

Ibrahim H. Dankwambo ***OON***
Accountant-General of the Federation

NOTES TO THE ACCOUNTS

NOTE 1

ACCOUNTING POLICIES

(a) ***Basis of Accounting of the Financial Statements:***

The Financial Statements are presented in accordance with the requirements of Cash Basis of accounting as provided by **IPSAS** and have been prepared on the basis of actual timing of cash receipts and payments. Expenditures incurred but not paid as well as Revenue due but not received are not adjusted for the Financial Statements. Delays as a result of due process certification have not been adjusted for in the Financial Statements.

(b) ***Compliance with relevant statutes***

The Financial Statements presented comply with Finance (Control and and Management) Act (1958) now **CAP F26 LFN , 2004,** Financial Regulations(2000) and in agreement with the Standardized Reporting Format approved by the Federation Accounts Allocation Committee of the Federal Republic of Nigeria and the Cash Flow Statements as recommended by **IPSAS 2**.

(c) ***Foreign Currencies:***

Cash Assets denominations in Foreign Currencies are translated to Naira at the Rate of Exchange ruling at the time of transactions.

(d) ***Assets and Liabilities:***

The value of Cash Assets and Liabilities are stated at Net Values

NOTE 2

OTHER FUNDS POSITION AS AT 31ST DECEMBER,2007

S/NO.	MINISTRY/OFFICE MANAGING	DESCRIPTION OF ACCOUNT	CASH BOOK BALANCE AS AT 31ST DEC, 2007 N
1	Min. of Housing	Prototype Housing Units	67,821,110.00
2	Fed. Staff Hou. Loan Board	Staff Housing Loan Scheme	68,848,250.37
3	NIPOST	Post Office Saving Bank	0.00
4	MOFI (OAGF)	Cocoa Research Fund	1,984,979,118.00
5	Revenue and Funds	PTDF	0.00
	TOTAL		**2,121,648,478.37**

NOTE 3

LIST OF CLOSING CASH BOOK BALANCE

OF FEDERAL PAY OFFICES AS AT 31ST DECEMBER, 2007

S/NO.	FEDERAL PAY OFFICE	CLOSING BALANCE ₦
1	FPO IBADAN	16,436,739.16
2	FPO KANO	0.00
3	FPO MAKURDI	0.00
4	FPO ILORIN	0.00
5	FPO BAUCHI	0.00
6	STF ABUJA	0.00
7	FPO LAGOS I	611,641.84
8	FPO SOKOTO	0.00
9	FPO ASABA	752,737.52
10	FPO JALINGO	0.00
11	FPO UMUAHIA	2,336,290.12
12	FPO GUSAU	0.00
13	FPO AKURE	501,856.12
14	FPO ABEAOKUTA	0.00
15	FPO ENUGU	0.00
16	FPO JOS	151,240.92
17	FPO KATSINA	0.00
18	FPO LAGOS II	2,091,232.35
19	FPO MAIDUGURI	0.00
20	FPO OSHOGBO	4,634.95
21	FPO OWERRI	0.00
22	FPO ABAKALIKI	2,412.50
23	FPO YENEGOA	15,324,844.93
24	FPO LOKOJA	0.00
25	FPO YOLA	0.00
26	FPO DAMATURU	0.00
27	FPO LAFIA	40,914.43
28	FPO GOMBE	0.00
29	FPO ADO-EKITI	0.00
30	FPO BIRNIN-KEBBI	47,967.39
31	FPO BENIN	8,548,192.65
32	FPO CALABAR	0.00
33	FPO MINNA	0.00
34	FPO UYO	0.00
35	FPO KADUNA	702,604.63
36	FPO PORT HARCOURT	0.00
37	FPO DUTSE	0.00
38	FPO AWKA	45,592.23
	TOTAL CASH HELD BY FPOs:-	**47,598,901.74**

NOTE 4

LIST OF CLOSING CASH BOOK BALANCE

OF MINISTRIES AS AT 31ST DECEMBER, 2007

S/NO.	MINISTRY/DEPARTMENT	CLOSING BALANCE ₦
1	Sec. to the Govt. of the Federation(SGF)	0.00
2	National Planing Commission	122,828.83
3	National Bureau of Statistics	-25,337,979.25
4	Code of Conduct Tribunal (CCT)	0.00
5	Ministry of Police Affairs	51.30
6	Police Service Commission	0.00
7	Supreme Court	0.00
8	FCT High Court of Justice	0.00
9	MOD(DHQ)	0.00
10	Nigerian Army.	138,634,311.79
11	Nigerian Army(MOD).	0.00
12	Command and Staff College Jaji	47,332,206.44
13	Defence Mission	0.00
14	Presidential Com. On Barrack Rehab.	0.00
15	Ministry of Education	0.00
16	Debt Management Office	0.00
17	Federal Inland Revenue Service	9,234,869,173.21
18	Ministry of Information	14,111,770.40
19	Ministry of Internal Affairs	66,755,606.04
20	Nigeria Sec. & Civil Defence Corps	0.00
21	OHCSF(Pension Office)	4,086,721,583.84
22	Labour and Productivity	458,812,854.45
23	Industrial Arbitration Panel	0.00
24	Ministry of Science & Tech.	7,546,027.03
25	Ministry of Sports & Social Dev.	2,576,220.00
26	Ministry of Transport	67,713,232.50
27	Ministry of Housing & Urban Dev.	2,001,795,778.24
28	National Salaries & Wages Comm.	0.00
29	Ministry of Environment	265,585,360.98
30	Revenue Mob. Alloc. & Fiscal Comm.	0.00
31	Ministry of Culture & Tourism	0.00
32	Code of Conduct Bureau	47,590,484.67
33	Geological Survey Agency of Nigeria	6,345,550.00
34	National Centre for Women Development	0.00
35	Independent National Electoral Commission	0.00
36	Federal Ministry of Agriculture	7,160,785,734.24
37	FERMA	842,921,244.19
38	Federal Ministry of Works	0.00

39	State House	987,894.41
40	Nigeria Police/ Commands	72,216.35
41	Nigeria Navy	211,987.09
42	Ministry of Solid Minerals	0.00
43	Ministry of Women Affairs	5,019,501.24
44	Ministry of Justice	2,591,681.96
45	Ministry of Inter.Govtal Affairs & Youth Dev.	41,381.14
46	Ministry of Fed. Capital Territory	0.00
47	Nigerian Custom Services	26,399,651.18
48	Sharia Court of Appeal	409,400,396.30
49	Customary Court of Appeal	0.00
50	National Human Rights Commission	0.00
51	NAPEP	1,695,743,556.69
52	National Population Commission	0.00
53	National Boundary Commission	479,102,274.92
54	Nigerian Defence Academy	0.00
55	Budget Office of the Federation	0.00
56	Auditor-General for the Federation	26,338.40
57	Co-Operation & Integration in Africa	33,538,484.63
58	Immigration	7,381,000.00
59	Federal Character Commission	346,715,766.97
60	Health	0.00
61	Public Complaints Commission	0.00
62	Federal Government Staff Housing Loans	0.00
63	FCT-Judicial Service Committee	84,506.81
64	Ministry of Communications:	0.00
65	Office of the Surveyor-General of the Federation:	46,926,738.32
66	FEDERAL JUDICIAL SERVICE COMM	1,039,582,631.84
67	NATIONAL JUDICIAL COUNCIL	2,350,773.53
68	POLICE PENSION OFFICE, LAGOS	2,823,679,186.74
69	FEDERAL CIVIL SERVICE COMM.	0.00
70	NATIONAL WAR COLLEGE	99.04
71	FEDERAL MINISTRY OF AVIATION	14,457.82
72	NIGERIA PRISONS SERVICE	1,163,057,617.18
73	OAGF , ABUJA	554,946,516.94
74	FEDERAL MINISTRY OF POWER & STEEL	0.00
75	FEDERAL MINISTRY OF FOREIGN AFFAIRS	391,539,014.49
76	NATIONAL INDUSTRIAL COURT, LAGOS	**(0.00)**
77	IMMIGRATION PRISONS SERVICE BOARD	587.18
78	FOREIGN AFFAIRS - ALL MISSION	11,668,253,784.94
79	FEDERAL MINISTRY OF COMMERCE	36,039,889.92
80	NIGERIA ARM FORCE RESETTLEMENT CTR.	15,011,004.36
81	NIGERIA AIR FORCE	51,277,624.69
82	FEDERAL MINISTRY OF WATER RESOURCES	10,185,636,352.87
83	FEDERAL MINISTRY OF INDUSTRY	0.00
84	FEDERAL MINISTRY OF FINANCE	0.00

85	DEFENCE INTELLIGENCE AGENCY	0.00
86	COURT OF APPEAL, ABUJA	465,961,194.44
87	NATIONAL ASSEMBLY SERVICE COMMISSION	484,720,663.36
88	NATIONAL JUDICIAL INSTITUTE, ABUJA	198,353,888.69
89	CUSTOM IMMIGRATION PRISONS PENSION OFFICE	2,930,513,257.63
90	NASS - MANAGEMENT	50,000.00
91	NASS - SENATE	110,734,323.40
92	NASS - HOUSE OF REPRESENTATIVES	875,560,121.42
93	DIRECTORATE OF MILITARY PENSION	5,045,116,685.69
94	MINISTRY OF DEFENCE – HQTR.	53,755,582.36
95	MINISTRY OF PETROLEUM RESOURCES	0.00
96	DEPARTMENT OF PETROLEUM RESOURCES (DPR)	81,172,595.57
97	OFFICE OF HEAD OF CIVIL SERVICE OF THE FEDERATION	0.00
98	FEDERAL HIGH COURT - LAGOS	0.00
98	INVESTMENT & SECURITY TRIBUNAL	6,225.51
	TOTAL CASH HELD BY MINISTRIES:-	**65,656,459,494.92**

NOTE 5

REMMITTANCES TO MINISTRIES

S/N **FOR THE YEAR ENDED 31ST DECEMBER, 2007**

		₦	₦
	OPENING BALANCE - 1st January, 2007:-		593,350,095,846.62
	ALLOCATION TO MINISTRIES/AGENCIES BY CRF:		1,379,100,551,925.91
	ALLOCATION TO MINISTRIES/AGENCIES BY CDF:		620,714,537,349.74
	Less:-		
	A. SUBVENTION TO PARASTATALS:-		-879,463,225,520.47
	B. REMMITTANCES TO MINISTRIES/AGENCIES:-		
1	Sec. to the Govt. of the Federation(SGF)	8,926,843,086.15	
2	National Planing Commission	532,642,583.11	
3	National Bureau of Statistics	2,021,941,918.99	
4	Code of Conduct Tribunal (CCT)	260,464,952.95	
5	Ministry of Police Affairs	15,568,993,862.95	
6	Police Service Commission	383,061,788.07	
7	Supreme Court	639,299,563.65	
8	FCT High Court of Justice	0.00	
9	MOD(DHQ)	402,836,983.97	
10	Nigerian Army.	46,977,224,400.47	
11	Nigerian Army(MOD).	492,070,731.24	
12	Command and Staff College Jaji	1,508,150,496.79	
13	Defence Mission	1,502,378,745.53	
14	Presidential Com. On Barrack Rehab.	2,167,395,049.59	
15	Ministry of Education	8,315,366,453.24	
16	Debt Management Office	538,408,123.09	
17	Federal Inland Revenue Service	0.00	
18	Ministry of Information	1,756,153,804.00	
19	Ministry of Internal Affairs	6,248,623,815.21	
20	Nigeria Sec. & Civil Defence Corps	15,285,426,002.51	
21	OHCSF(Pension Office)	19,240,270,490.28	
22	Labour and Productivity	2,581,564,009.40	
23	Industrial Arbitration Panel	234,462,635.69	
24	Ministry of Science & Tech.	930,604,158.36	
25	National Sports Commission	6,640,787,406.22	
26	Ministry of Transport	889,601,125.78	
27	Ministry of Housing & Urban Dev.	10,302,090,290.54	
28	National Salaries & Wages Comm.	262,332,857.99	
29	Ministry of Enviroment	3,286,955,935.15	
30	Revenue Mob. Alloc. & Fiscal Comm.	2,822,327,106.31	
31	Ministry of Culture & Tourism	2,360,015,645.91	
32	Code of Conduct Bureau	331,160,177.35	
33	Geological Survey Agency of Nigeria	2,328,076,989.55	
34	National Centre for Women Development	197,475,590.15	
35	Independent National Electoral Commission	0.00	
36	Federal Ministry of Agriculture	24,309,732,844.72	
37	FERMA	23,341,196,275.13	
38	Federal Ministry of Works	186,195,912,092.75	

39	State House	37,854,753,881.95
40	Nigeria Police/ Commands	151,360,479,757.53
41	Nigeria Navy	22,719,494,926.30
42	Ministry of Solid Minerals	1,198,573,415.86
43	Ministry of Women Affairs	2,093,239,002.52
44	Ministry of Justice	4,557,475,646.75
45	Ministry of Inter.Govtal Affairs & Youth Dev.	870,106,006.62
46	Ministry of Fed. Capital Territory	75,624,441,095.71
47	Nigerian Custom Services	0.00
48	Sharia Court of Appeal	818,772,761.08
49	Customary Court of Appeal	695,746,044.96
50	National Human Rights Commission	453,053,097.91
5 1	NAPEP	4,503,512,876.01
52	National Population Commission	7,367,469,873.69
53	National Boundary Commission	1,791,205,861.32
54	Nigerian Defence Academy	3,827,143,954.97
55	Budget Office of the Federation	787,423,700.36
56	Auditor-General for the Federation	2,676,620,148.81
57	Co-Operation & Integration in Africa	0.00
58	Immigration	14,423,737,857.63
59	Federal Character Commission	1,341,412,860.06
60	Health	36,254,066,447.93
61	Public Complaints Commission	968,995,722.52
62	Federal Government Staff Housing Loans	0.00
63	Judicial Service Committee_FCT	363,377,137.15
64	Federal Ministry of Communications:	7,330,214,238.37
65	Office of the Surveyor-General of the Federation:	4,616,028,525.53
66	FEDERAL JUDICIAL SERVICE COMM	66,611,272.61
67	NATIONAL JUDICIAL COUNCIL	29,451,637,716.26
68	POLICE PENSION OFFICE, LAGOS	8,632,382,575.03
69	FEDERAL CIVIL SERVICE COMM.	1,075,493,205.66
70	NATIONAL WAR COLLEGE	1,992,275,648.39
71	FEDERAL MINISTRY OF AVIATION	4,831,529,069.11
72	NIGERIA PRISONS SERVICE	27,990,634,702.94
73	OAGF , ABUJA	5,771,730,214.10
74	FEDERAL MINISTRY OF POWER & STEEL	54,370,014,520.85
75	FEDERAL MINISTRY OF FOREIGN AFFAIRS	12,881,278,009.71
76	NATIONAL INDUSTRIAL COURT, LAGOS	0.00
77	IMMIGRATION PRISONS SERVICE BOARD	145,646,486.90
78	FOREIGN AFFAIRS - ALL MISSION	15,211,255,201.60
79	FEDERAL MINISTRY OF COMMERCE	4,156,305,611.80
80	NIGERIA ARM FORCE RESETTLEMENT CTR.	598,819,306.80
81	NIGERIA AIR FORCE	21,655,855,320.68
82	FEDERAL MINISTRY OF WATER RESOURCES	74,327,180,322.07
83	FEDERAL MINISTRY OF INDUSTRY	1,744,407,196.51
84	FEDERAL MINISTRY OF FINANCE	3,168,130,670.79
85	DEFENCE INTELLIGENCE AGENCY	3,127,218,010.27
86	COURT OF APPEAL, ABUJA	3,584,485,891.79
87	NATIONAL ASSEMBLY SERVICE COMMISSION	1,543,165,553.00
88	NATIONAL JUDICIAL INSTITUTE, ABUJA	1,846,797,107.59
89	CUSTOM IMMIGRATION PRISONS PENSION	6,571,452,566.76

	OFFICE		
90	NASS - MANAGEMENT	12,509,654,101.00	
91	NASS - SENATE	28,048,244,198.20	
92	NASS - HOUSE OF REPRESENTATIVES	44,553,480,624.00	
93	DIRECTORATE OF MILITARY PENSION	35,743,884,844.34	
94	MINISTRY OF DEFENCE - HQTR	57,046,717,044.65	
95	MINISTRY OF PETROLEUM RESOURCES	5,618,600,856.93	
96	DEPARTMENT OF PETROLEUM RESOURCES (DPR)	11,131,085,307.90	
97	OFFICE OF HEAD OF CIVIL SERVICE OF THE FED.	7,744,707,974.81	
98	FEDERAL HIGH COURT - LAGOS	0.00	
98	INVESTMENT & SECURITY TRIBUNAL	459,619,879.38	
	TOTAL CASH RECEIVED BY MINISTRIES:-	**1,271,879,493,846.76**	-1,271,879,493,846.76
	TOTAL REMITTANCES:-		**441,822,465,755.04**

NOTE 6

LIST OF OUTSTANDING IMPRESTS OF MINISTRIES AS AT 31ST DECEMBER, 2007

S/NO	MINISTRY/DEPARTMENT	BALANCE	CURRENT YEAR 2007	OPEN. BALANCE 31/12/2006
		₦	₦	₦
1	Sec. to the Govt. of the Federation(SGF)	0.00	0.00	0.00
2	National Bureau of Statistics	0.00	0.00	0.00
3	Code of Conduct Tribunal (CCT)	400,000.00	0.00	400,000.00
4	Ministry of Police Affairs	-6,858,330.79	0.00	-6,858,330.79
5	Police Service Commission	3,700,000.00	0.00	3,700,000.00
6	Supreme Court	-119,023,871.58	0.00	-119,023,871.58
7	Ministry of Education	35,276,571.25	0.00	35,276,571.25
8	Debt Management Office	30,000.00	0.00	30,000.00
9	Ministry of Internal Affairs	2,650,000.00	0.00	2,650,000.00
10	Industrial Arbitration Panel	48,000.00	0.00	48,000.00
11	Ministry of Science & Tech.	1,047,590.00	0.00	1,047,590.00
12	National Sports Commission	-1,341,326.84	0.00	-1,341,326.84
13	Ministry of Housing & Urban Dev.	130,000.00	0.00	130,000.00
14	National Salaries & Wages Comm.	-53,670.00	0.00	-53,670.00
15	Ministry of Enviroment	1,920,000.00	0.00	1,920,000.00
16	Revenue Mob. Alloc. & Fiscal Comm.	0.00	0.00	0.00
17	Code of Conduct Bureau	1,496,552.00	0.00	1,496,552.00
18	National Centre for Women Development	8,536,151.15	8,536,151.15	0.00
19	Federal Ministry of Agriculture	100,000.00	0.00	100,000.00
20	FERMA	2,000,000.00	0.00	2,000,000.00
21	Ministry of Solid Minerals	1,040,200.00	0.00	1,040,200.00
22	Ministry of Women Affairs	19,714,230.00	0.00	19,714,230.00
23	Ministry of Justice	-146,453,658.84	0.00	-146,453,658.84

24	Sharia Court of Appeal	28,719,020.00	6,759,000.00	21,960,020.00
25	Customary Court of Appeal	490,000.00	0.00	490,000.00
26	National Human Rights Commission	4,634,080.16	1,589,080.16	3,045,000.00
27	NAPEP	-10,192,310.00	(3,367,230.00)	-6,825,080.00
28	National Population Commission	5,583,828.08	0.00	5,583,828.08
29	National Boundary Commission	441,000.00	0.00	441,000.00
30	Co-Operation & Integration in Africa	3,166,800.00	0.00	3,166,800.00
31	Federal Character Commission	960,000.00	960,000.00	0.00
32	Health	490,000.00	340,000.00	150,000.00
33	Public Complaints Commission	-662,875.95	0.00	-662,875.95
34	Judicial Service Committee of the FCT	7,394,900.00	3,394,900.00	4,000,000.00
35	Federal Government Staff Housing Loans	0.00	0.00	0.00
36	Ministry of Communication	1,278,250.00	0.00	1,278,250.00
37	Surveyor-General of the Federation	1,800,000.00	800,000.00	1,000,000.00
38	FEDERAL JUDICIAL SERVICE COMM	50,000.00	0.00	50,000.00
39	NATIONAL JUDICIAL COUNCIL	15,262,715.00	14,262,715.00	1,000,000.00
40	FEDERAL CIVIL SERVICE COMM.	9,143,742.00	3,413,742.00	5,730,000.00
41	NIGERIA PRISONS SERVICE	3,820,000.00	0.00	3,820,000.00
42	OAGF , ABUJA	6,627,761.41	1,210,000.00	5,417,761.41
43	FEDERAL MINISTRY OF POWER & STEEL	1,340,000.00	1,340,000.00	0.00
44	FEDERAL MINISTRY OF FOREIGN AFFAIRS	9,874,250.00	0.00	9,874,250.00
45	NATIONAL INDUSTRIAL COURT, LAGOS	100,000.00	50,000.00	50,000.00
46	IMMIGRATION PRISONS SERVICE BOARD	4,039,690.00	0.00	4,039,690.00
47	FOREIGN AFFAIRS - ALL MISSION	-12,522,081.05	-13,141,974.37	619,893.32
48	FEDERAL MINISTRY OF COMMERCE	12,505,740.00	4,640,000.00	7,865,740.00
49	FEDERAL MINISTRY OF INDUSTRY	26,560,000.00	0.00	26,560,000.00
50	FEDERAL MINISTRY OF FINANCE	89,000,000.00	0.00	89,000,000.00
51	COURT OF APPEAL, ABUJA	-132,495,583.05	0.00	-132,495,583.05
52	NATIONAL ASSEMBLY SERVICE COMMISSION	32,606,725.00	14,187,925.00	18,418,800.00

53	NATIONAL JUDICIAL INSTITUTE, ABUJA	2,884,779.48	0.00	2,884,779.48
54	CUSTOM IMMIGRATION PRISONS PENSION OFFICE	3,851,160.66	0.00	3,851,160.66
55	NASS - MANAGEMENT	47,951,106.49	0.00	47,951,106.49
56	DIRECTORATE OF MILITARY PENSION	-187,256,442.76	0.00	-187,256,442.76
57	MINISTRY OF DEFENCE – HQTR.	-4,051,798.91	0.00	-4,051,798.91
58	MINISTRY OF PETROLEUM RESOURCES	8,571,500.00	1,931,500.00	6,640,000.00
59	OFFICE OF HEAD OF CIVIL SERVICE OF THE FED.	54,850,000.00	43,830,000.00	11,020,000.00
60	INVESTMENT & SECURITY TRIBUNAL	7,273,344.00	2,907,634.00	4,365,710.00
	TOTAL:	**151,552,263.09**	**93,643,442.94**	**-245,195,706.03**

NOTE 7

CASH - IN - TRANSIT

OF MINISTRIES AS AT 31ST DECEMBER, 2007

S/NO		₦	₦
	OPENING BALANCE - 1st January, 2007:-		28,333,597,413.18
	NET INTERNAL CASH TRANSFER BY MINISTRIES:-		
1	Sec. to the Govt. of the Federation(SGF)	433,436,331.11	
2	National Planning Commission	-45,830,704.79	
3	National Bureau of Statistics	54,423,060.72	
4	Code of Conduct Tribunal (CCT)	15,007,547.94	
5	Ministry of Police Affairs	482,490,660.30	
6	Police Service Commission	4,754,402.62	
7	Supreme Court	-2,239,630,272.22	
8	FCT High Court of Justice	-6,125,320,719.99	
9	Nigerian Army.	36,268,913.58	
10	Nigerian Army(MOD).	-637,344.72	
11	Command and Staff College Jaji	-157,339,705.98	
12	Defence Mission	-2,021,296,953.09	
13	Presidential Com. On Barrack Rehab.	-72,955,785.40	
14	Ministry of Education	377,865,890.23	
15	Debt Management Office	2,265,199.89	
16	Federal Inland Revenue Service	18,803,894,553.12	
17	Ministry of Information	46,435,798.29	
18	Ministry of Internal Affairs	4,602,610,189.83	
19	Nigeria Sec. & Civil Defence Corps	5,183,238,126.78	
20	OHCSF(Pension Office)	580,436,812.30	
21	Labour and Productivity	104,635,816.31	
22	Industrial Arbitration Panel	20,536,891.96	
23	Ministry of Science & Tech.	311,828,955.66	
24	National Sports Commission	2,963,206,878.48	
25	Ministry of Transport	309,761,492.64	
26	Ministry of Housing & Urban Dev.	3,189,458,766.43	
27	National Salaries & Wages Comm.	-8,450.00	
28	Ministry of Environment	548,812,536.23	
29	Revenue Mob. Alloc. & Fiscal Comm.	909,340,311.82	
30	Ministry of Culture & Tourism	-62,350,008.33	
31	Code of Conduct Bureau	201,571,623.53	
32	Geological Survey Agency of Nigeria	95,212,739.74	
33	National Centre for Women Development	21,373,076.35	
34	Federal Ministry of Agriculture	-20,277,441,358.92	
35	FERMA	1,537,560,105.92	
36	Federal Ministry of Works	44,258,737,180.32	
37	State House	2,729,525,557.72	
38	Nigeria Police/ Commands	72,313,908,502.28	
39	Nigeria Navy	467,003.71	
40	Ministry of Solid Minerals	242,467,503.49	
41	Ministry of Women Affairs	-71,221,499.21	
42	Ministry of Justice	439,985,296.90	
43	Ministry of Youth Dev.	-86,288,004.43	

44	Nigerian Custom Services	1,953,831,747.54
45	Sharia Court of Appeal	144,975,964.47
46	Customary Court of Appeal	-809,396,563.69
47	National Human Rights Commission	13,264,379.52
48	NAPEP	741,036,692.56
49	National Population Commission	2,539,828,195.96
50	National Boundary Commission	-221,878,422.32
51	Nigerian Defence Academy	311,109,768.36
52	Budget Office of the Federation	151,838,271.24
53	Auditor-General for the Federation	178,440,187.04
54	Immigration	5,882,493,265.76
55	Federal Character Commission	-24,375,736.76
56	Health	-451,913,311.73
57	Public Complaints Commission	45,808,499.20
58	Judicial Service Committee of the FCT	-1,654,527,822.49
59	Surveyor-General of the Federation	27,260,366.58
60	FEDERAL JUDICIAL SERVICE COMM	-2,173,324,184.80
61	NATIONAL JUDICIAL COUNCIL	8,138,242,824.46
62	POLICE PENSION OFFICE, LAGOS	1,605,806,760.84
63	FEDERAL CIVIL SERVICE COMM.	246,165,386.90
64	NATIONAL WAR COLLEGE	187,882,460.00
65	FEDERAL MINISTRY OF AVIATION	2,413,975,599.16
66	NIGERIA PRISONS SERVICE	10,860,049,973.22
67	OAGF , ABUJA	3,259,290,744.32
68	FEDERAL MINISTRY OF POWER & STEEL	12,715,473,203.83
69	FEDERAL MINISTRY OF FOREIGN AFFAIRS	1,118,656,864.93
70	NATIONAL INDUSTRIAL COURT, LAGOS	-5,592,290,192.46
71	FOREIGN AFFAIRS - ALL MISSION	-1,910,824,415.49
72	FEDERAL MINISTRY OF COMMERCE	918,223,177.82
73	NIGERIA ARM FORCE RESETTLEMENT CTR.	-239,287,857.34
74	NIGERIA AIR FORCE	-2,782,373,253.10
75	FEDERAL MINISTRY OF WATER RESOURCES	-8,720,393,243.12
76	FEDERAL MINISTRY OF INDUSTRY	385,645,253.89
77	FEDERAL MINISTRY OF FINANCE	521,268,728.04
78	DEFENCE INTELLIGENCE AGENCY	1,338,440,593.87
79	COURT OF APPEAL, ABUJA	-2,208,691,101.39
80	NATIONAL ASSEMBLY SERVICE COMMISSION	290,219,196.12
81	CUSTOM IMMIGRATION PRISONS PENSION OFFICE	-1,073,305,447.41
82	NASS - MANAGEMENT	2,450,257,017.43
83	NASS - SENATE	7,598,816,524.04
84	NASS - HOUSE OF REPRESENTATIVES	13,003,923,549.92
85	DIRECTORATE OF MILITARY PENSION	-437,378,827.13
86	MINISTRY OF DEFENCE - HQTR	26,145,152,131.47
87	MINISTRY OF PETROLEUM RESOURCES	5,132,009,995.62
88	DEPARTMENT OF PETROLEUM RESOURCES (DPR)	91,506,536.52

89	OFFICE OF HEAD OF CIVIL SERVICE OF THE FEDERATION	1,636,033,060.83	
90	FEDERAL HIGH COURT - LAGOS	-5,959,010,418.80	
91	INVESTMENT & SECURITY TRIBUNAL	-17,765,197.96	
92	NATIONAL JUDICIAL INSTITUTE, ABUJA	355,333,277.64	
	TOTAL CASH TRANSFER:-	**207,786,721,122.23**	207,786,721,122.23
	REVENUE REMMITTANCE BY MINISTRIES:-		
1	Sec. to the Govt. of the Federation(SGF)	637,659,490.69	
2	National Planning Commission	0.00	
3	National Bureau of Statistics	207.20	
4	Code of Conduct Tribunal (CCT)	15,450.00	
5	Ministry of Police Affairs	357,388.71	
6	Police Service Commission	0.00	
7	Supreme Court	7,286,477.13	
8	FCT High Court of Justice	15,333,122.00	
9	MOD(DHQ)	0.00	
10	Nigerian Army.	0.00	
11	Nigerian Army(MOD).	0.00	
12	Command and Staff College Jaji	0.00	
13	Defence Mission	0.00	
14	Presidential Com. On Barrack Rehab.	785.40	
15	Ministry of Education	0.00	
16	Debt Management Office	342,569.28	
17	Federal Inland Revenue Service	356,300.00	
18	Ministry of Information	6,386,135.33	
19	Ministry of Internal Affairs	149,613,472.94	
20	Nigeria Sec. & Civil Defence Corps	86,636,590.98	
21	OHCSF(Pension Office)	0.00	
22	Labour and Productivity	40,965,678.21	
23	Industrial Arbitration Panel	572,817.01	
24	Ministry of Science & Tech.	506,737.47	
25	National Sports Commission	82,047,891.58	
26	Ministry of Transport	951,488.25	
27	Ministry of Housing & Urban Dev.	1,841,458,267.21	
28	National Salaries & Wages Comm.	19,038,637.68	
29	Ministry of Environment	68,392,375.40	
30	Revenue Mob. Alloc. & Fiscal Comm.	19,251,462.22	
31	Ministry of Culture & Tourism	956.04	
32	Code of Conduct Bureau	11,571.35	
33	Geological Survey of Nigeria Agency	0.00	
34	National Centre for Women Development	535,832.80	
35	INEC	0.00	
36	Federal Ministry of Agriculture	-428,726,165.32	
37	FERMA	184,498,134.00	
38	Federal Ministry of Works	986,361,282.32	
39	State House	937,797,437.10	
40	Nigeria Police/ Commands	-83,725,128.77	
41	Nigeria Navy	-1,196,210.79	
42	Ministry of Solid Minerals	85,524,306.39	
43	Ministry of Women Affairs	9,235,361.41	

44	Ministry of Justice	2,238,164.26
45	Ministry of Youth Dev.	2,410,868.23
46	Ministry of Fed. Capital Territory	0.00
47	Nigerian Custom Services	12,970,675.00
48	Sharia Court of Appeal	328,220.93
49	Customary Court of Appeal	12,180,405.17
50	National Human Rights Commission	675,603.00
51	NAPEP	1,848,965.67
52	National Population Commission	893,840,412.62
53	National Boundary Commission	1,239,955.25
54	Nigerian Defence Academy	0.00
55	Budget Office of the Federation	2,479,088.03
56	Auditor-General for the Federation	5,118,209.32
57	Co-Operation & Integration in Africa	0.00
58	Immigration	1,434,984,919.20
59	Federal Character Commission	6,307,516.97
60	Health	28,662,260.89
61	Public Complaints Commission	180,607.20
62	Judicial Service Committee of the FCT	0.00
63	Federal Government Staff Housing Loans	438,150.95
64	Ministry of Communication	851,762.53
65	Surveyor-General of the Federation	13,431,996.60
66	FEDERAL JUDICIAL SERVICE COMM	21,785,897.67
67	NATIONAL JUDICIAL COUNCIL	88,183,863.02
68	POLICE PENSION OFFICE, LAGOS	0.00
69	FEDERAL CIVIL SERVICE COMM.	3,515,892.36
70	NATIONAL WAR COLLEGE	0.00
71	FEDERAL MINISTRY OF AVIATION	2,267,862.18
72	NIGERIA PRISONS SERVICE	510,771,206.24
73	OAGF , ABUJA	1,576,134.52
74	FEDERAL MINISTRY OF POWER & STEEL	138,518,990.22
75	FEDERAL MINISTRY OF FOREIGN AFFAIRS	20,304,293.74
76	NATIONAL INDUSTRIAL COURT, LAGOS	33,100.00
77	IMMIGRATION PRISONS SERVICE BOARD	0.00
78	FOREIGN AFFAIRS - ALL MISSION	-3,981,805,374.81
79	FEDERAL MINISTRY OF COMMERCE	114,112,335.60
80	NIGERIA ARM FORCE RESETTLEMENT CTR.	0.00
81	NIGERIA AIR FORCE	598,957.38
82	FEDERAL MINISTRY OF WATER RESOURCES	1,333,396,878.58
83	FEDERAL MINISTRY OF INDUSTRY	2,032,321.55
84	FEDERAL MINISTRY OF FINANCE	760,000.00
85	DEFENCE INTELLIGENCE AGENCY	0.00
86	COURT OF APPEAL, ABUJA	-686,689,822.49
87	NATIONAL ASSEMBLY SERVICE COMMISSION	606,201.54
88	NATIONAL JUDICIAL INSTITUTE, ABUJA	11,027,156.53
89	CUSTOM IMMIGRATION PRISONS	3,086,899.88

	PENSION OFFICE		
90	NASS - MANAGEMENT	591,323,680.80	
91	NASS - SENATE	208,924,881.71	
92	NASS - HOUSE OF REPRESENTATIVES	18,384,453.00	
93	DIRECTORATE OF MILITARY PENSION	0.00	
94	MINISTRY OF DEFENCE - HQTR	164,027,317.50	
95	MINISTRY OF PETROLEUM RESOURCES	2,215,373.06	
96	DEPARTMENT OF PETROLEUM RESOURCES (DPR)	3,426,311.38	
97	OFFICE OF HEAD OF CIVIL SERVICE OF THE FED.	928,883.21	
98	FEDERAL HIGH COURT - LAGOS	9,441,751.59	
99	INVESTMENT & SECURITY TRIBUNAL	494,223.69	
		5,670,928,172.69	5,670,928,172.69
	REVENUE REMMITTANCE BY FPOs:-		
1	STF ABUJA	8,822,390.97	
2	ABAKALIKI	1,991,821.12	
3	AWKA	7,236,553.48	
4	CALABAR	43,676,054.14	
5	ENUGU	29,670,058.99	
6	LAFIA	2,300,114.82	
7	MAKURDI	23,900,701.27	
8	OWERRI	11,738,149.34	
9	PORT-HARCORT	42,819,870.74	
10	UMUAHIA	10,469,235.10	
11	UYO	11,502,695.79	
12	YENEGOA	2,094,946.16	
13	Gombe	5,615,643.15	
14	Bauchi	5,010,193.54	
15	Maiduguri	8,890,815.96	
16	Damaturu	4,343,550.94	
17	Jalingo	2,754,213.18	
18	Yola	5,816,729.62	
19	Birninkebbi	2,959,557.71	
20	Kano	19,988,678.66	
21	Katsina	5,593,285.42	
22	Sokoto	10,547,226.24	
23	Dutse	3,478,762.40	
24	Gusau	9,630,595.38	
25	BENIN	0.00	
26	ASABA	0.00	
27	IBADAN	0.00	
28	ADO-EKITI	0.00	
29	AKURE	0.00	
30	OSHOGBO	0.00	
31	LOKOJA	0.00	
32	MINNA	0.00	
33	JOS	0.00	
34	KADUNA	0.00	
35	ABEOKUTA	0.00	
36	ILORIN	0.00	

37	LAGOS 1	0.00	
38	LAGOS 11	0.00	
	TOTAL REVENUE REMMITTED BY FPOs:-	**280,851,844.12**	280,851,844.12
	LESS:-		
	REMMITTANCES RECEIVED BY FPOs:-		
1	STF ABUJA	(1,044,103,544.41)	
2	ABAKALIKI	(370,362,715.86)	
3	AWKA	(581,266,630.18)	
4	CALABAR	(494,589,489.57)	
5	ENUGU	(892,796,372.73)	
6	LAFIA	(249,562,955.78)	
7	MAKURDI	(664,251,418.73)	
8	OWERRI	(754,733,685.95)	
9	PORT-HARCORT	(859,562,424.51)	
10	UMUAHIA	(436,888,714.12)	
11	UYO	(681,873,964.00)	
12	YENEGOA	(283,302,809.54)	
13	Gombe	(351,698,276.96)	
14	Bauchi	(406,380,694.80)	
15	Maiduguri	(586,773,419.59)	
16	Damaturu	(388,669,770.21)	
17	Jalingo	(456,412,013.60)	
18	Yola	(576,408,447.03)	
19	Birninkebbi	(388,267,373.22)	
20	Kano	(887,014,478.88)	
21	Katsina	(511,102,794.64)	
22	Sokoto	(458,984,847.02)	
23	Dutse	(219,041,512.25)	
24	Gusau	(293,736,380.67)	
25	BENIN	(478,726,405.79)	
26	ASABA	(562,421,550.42)	
27	IBADAN	(771,674,258.93)	
28	ADO-EKITI	(373,890,719.39)	
29	AKURE	(505,858,347.60)	
30	OSHOGBO	(583,529,446.71)	
31	LOKOJA	(377,928,146.59)	
32	MINNA	(817,292,854.92)	
33	JOS	(691,083,341.90)	
34	KADUNA	(838,309,326.55)	
35	ABEOKUTA	(665,679,748.36)	
36	ILORIN	(570,571,774.41)	
37	LAGOS 1	(862,179,840.75)	
38	LAGOS 11	(390,363,027.08)	
	TOTAL CASH REMMITTED TO FPOs:-	**-21,327,293,523.66**	-21,327,293,523.66
	REVENUES RECEIVED(BY CRF) FROM MINISTRIES:-		-199,270,304,118.60
	REVENUES RECEIVED(BY CRF) FROM FPOs:-		-920,275,403.73
	PENSION DEDUCTIONS BY MDAS/FPOS-STAFF		-150,653,487.44
	TOTAL CASH-IN-TRANSIT:-		**20,403,572,018.79**

NOTE 8
LIST OF OUTSTANDING ADVANCES
OF MINISTRIES AS AT 31ST DECEMBER, 2007

S/NO.	MINISTRY/DEPARTMENT	CLOSING BALANCE ₦	HEADQUATERS ₦	FPOs ₦	OPEN BAL ₦
1	Sec. to the Govt. of the Federation(SGF)	860,054,604.27	972,937,729.52	0.00	-112,883,125.25
2	National Planning Commission	-40,022,956.08	-13,038,130.00	0.00	-26,984,826.08
3	National Bureau of Statistics	438,323,038.91	234,582,832.93	(200,000.00)	203,940,205.98
4	Code of Conduct Tribunal (CCT)	7,606,067.19	0.00	0.00	7,606,067.19
5	Ministry of Police Affairs	25,076,099.45	10,001,389.65	0.00	15,074,709.80
6	Police Service Commission	5,958,858.11	1,482,673.64	0.00	4,476,184.47
7	Supreme Court	-73,713,992.15	1,360,000.00	0.00	-75,073,992.15
8	FCT High Court of Justice	273,736,394.15	44,422,087.50	0.00	229,314,306.65
9	Ministry of Education	598,159,205.18	0.00	(21,422,013.48)	619,581,218.66
10	Debt Management Office	57,369,801.78	20,802,817.00	0.00	36,566,984.78
11	Federal Inland Revenue Service	310,540,609.36	427,000.00	0.00	310,113,609.36
12	Ministry of Information	364,554,475.43	-138,302,545.86	230,047.26	502,626,974.03
13	Ministry of Internal Affairs	-236,995,082.79	-382,328,860.43	2,620,846.70	142,712,930.94
14	Nigeria Sec. & Civil Defence Corps	203,656,187.39	96,437,528.98	0.00	107,218,658.41
15	OHCSF(Pension Office)	21,413,575.90	0.00	0.00	21,413,575.90
16	Labour and Productivity	468,323,491.10	168,792,885.21	(889,986.58)	300,420,592.47
17	Industrial Arbitration Panel	29,540,300.57	16,956,609.14	0.00	12,583,691.43
18	Ministry of Science & Tech.	255,209,683.74	127,126,796.35	3,370,085.50	124,712,801.89
19	Ministry of Sports & Social Dev.	139,155,243.67	-676,094,123.37	0.00	815,249,367.04
20	Ministry of Transport	35,291,923.00	0.00	0.00	35,291,923.00
21	Ministry of Housing & Urban Dev.	346,957,002.50	105,682,968.30	(4,842,744.57)	246,116,778.77
22	National Salaries & Wages Comm.	2,301,465.12	-250,836.00	0.00	2,552,301.12
23	Ministry of Environment	531,291,896.95	97,295,899.85	(934,919.04)	434,930,916.14
24	Revenue Mob. Alloc. & Fiscal Comm.	233,042,351.56	95,634,326.05	0.00	137,408,025.51
25	Ministry of Culture & Tourism	812,737,332.18	147,734,425.79	0.00	665,002,906.39
26	Code of Conduct Bureau	42,275,387.79	4,000,600.00	(234,530.85)	38,509,318.64
27	Geological Survey Agency of Nigeria	-1,735,251.51	0.00	203,248.49	-1,938,500.00
28	Federal Ministry of Agriculture	903,010,574.44	557,246,922.12	(124,383.82)	345,888,036.14
29	FERMA	4,949,408,636.62	3,307,948,316.55	0.00	1,641,460,320.07
30	Federal Ministry of Works	508,624,456.09	16,315,887.49	(255,219.66)	492,563,788.26
31	State House	590,143,028.04	455,680,010.38	0.00	134,463,017.66
32	Nigeria Police/ Commands	-34,790.09	0.00	0.00	-34,790.09
33	Nigeria Navy	-0.02	-0.02	0.00	0.00
34	Ministry of Solid Minerals	152,761,160.00	4,471,187.00	(300,000.00)	148,589,973.00
35	Ministry of Women Affairs	659,531,848.73	88,303,854.57	0.00	571,227,994.16
36	Ministry of Justice	211,084,228.46	21,188,781.59	0.00	189,895,446.87
37	Ministry of Inter.Govtal Affairs & Youth Dev.	210,984,590.22	163,885,170.55	0.00	47,099,419.67
38	Nigerian Custom Services	-591,317,778.46	-701,912,368.26	0.00	110,594,589.80
39	Sharia Court of Appeal	37,095,639.01	8,947,680.00	0.00	28,147,959.01
40	Customary Court of Appeal	1,273,511.87	0.00	0.00	1,273,511.87

41	NAPEP	252,521,734.16	65,690,462.26	385,122.82	186,446,149.08
42	National Population Commission	1,538,745,084.77	-145,984,480.20	(15,336,717.02)	1,700,066,281.99
43	National Boundary Commission	147,410,451.23	0.00	0.00	147,410,451.23
44	Nigerian Defence Academy	7,361,432.20	0.00	0.00	7,361,432.20
45	Budget Office of the Federation	412,172,776.58	186,361,309.46	0.00	225,811,467.12
46	Auditor-General for the Federation	-3,486,774.49	0.00	(774,857.28)	-2,711,917.21
47	Co-Operation & Integration in Africa	150,237,734.92	0.00	0.00	150,237,734.92
48	Immigration	37,668,142.95	16,025,497.00	(1,138,368.91)	22,781,014.86
49	Federal Character Commission	3,201,751.28	3,201,751.28	0.00	0.00
50	Health	1,937,193,634.70	1,791,352,353.39	1,591,408.23	144,249,873.08
51	Public Complaints Commission	7,074,677.94	4,111,779.86	(7,488,000.00)	10,450,898.08
52	FCT Judicial Service Committee	59,951,877.71	-3,394,900.00	0.00	63,346,777.71
53	Federal Government Staff Housing Loans	34,998,874.64	-1,859,178.96	0.00	36,858,053.60
54	Ministry of Communications	-2,779,249.42	0.00	0.00	-2,779,249.42
55	Office of the Surveyor-General of the Federation:	20,205,118.96	28,537,069.00	0.00	-8,331,950.04
56	FEDERAL JUDICIAL SERVICE COMM	76,427,127.67	26,624,956.66	0.00	49,802,171.01
57	NATIONAL JUDICIAL COUNCIL	189,726,984.66	98,380,957.85	0.00	91,346,026.81
58	FEDERAL CIVIL SERVICE COMM.	66,791,468.86	43,382,321.63	0.00	23,409,147.23
59	FEDERAL MINISTRY OF AVIATION	81,183,603.47	53,789,184.00	0.00	27,394,419.47
60	NIGERIA PRISONS SERVICE	257,478,244.72	122,636,623.95	(56,713,812.87)	191,555,433.64
61	OAGF , ABUJA	100,876,156.10	17,240,341.15	7,217,970.34	76,417,844.61
62	FEDERAL MINISTRY OF POWER & STEEL	32,804,465.00	26,884,805.74	0.00	5,919,659.26
63	FEDERAL MINISTRY OF FOREIGN AFFAIRS	268,616,475.31	114,922,133.12	0.00	153,694,342.19
64	NATIONAL INDUSTRIAL COURT, LAGOS	-3,065,700.13	-10,109,450.00	0.00	7,043,749.87
65	IMMIGRATION PRISONS SERVICE BOARD	27,848,996.05	14,265,028.57	0.00	13,583,967.48
66	FOREIGN AFFAIRS - ALL MISSION	-1,151,762,420.07	-912,784,826.57	0.00	-238,977,593.50
67	FEDERAL MINISTRY OF COMMERCE	324,202,932.96	85,801,581.66	(377,106.98)	238,778,458.28
68	FEDERAL MINISTRY OF WATER RESOURCES	40,631,595.64	0.00	0.00	40,631,595.64
69	FEDERAL MINISTRY OF INDUSTRY	371,186,108.27	227,950,675.17	(2,235,049.76)	145,470,482.86
70	FEDERAL MINISTRY OF FINANCE	1,057,851,946.82	247,817,122.31	0.00	810,034,824.51
71	DEFENCE INTELLIGENCE AGENCY	17,441,176.99	17,441,176.99	0.00	0.00
72	COURT OF APPEAL, ABUJA	1,805,364,426.17	1,277,294,296.16	0.00	528,070,130.01
73	NATIONAL ASSEMBLY SERVICE COMMISSION	562,812.95	212,812.95	0.00	350,000.00
74	NATIONAL JUDICIAL INSTITUTE, ABUJA	62,419,572.20	6,270,651.26	0.00	56,148,920.94
75	CUSTOM IMMIGRATION PRISONS PENSION OFFICE	1,127,322.28	1,145,485.64	0.00	-18,163.36
76	NASS - MANAGEMENT	2,181,654.22	1,010,000.00	0.00	1,171,654.22
77	NASS - SENATE	180,878,181.24	180,787,549.96	0.00	90,631.28
78	NASS - HOUSE OF	-82,689.63	0.00	0.00	-82,689.63

	REPRESENTATIVES				
79	MINISTRY OF DEFENCE - HQTR	299,863,159.74	199,686,131.86	0.00	100,177,027.88
80	MINISTRY OF PETROLEUM RESOURCES	82,567,178.85	53,924,618.00	0.00	28,642,560.85
81	DEPARTMENT OF PETROLEUM RESOURCES (DPR)	44,535.07	93,030.00	0.00	-48,494.93
82	OFFICE OF HEAD OF CIVIL SERVICE OF THE FED.	151,017,878.85	0.00	(1,151,719.32)	152,169,598.17
83	FEDERAL HIGH COURT - LAGOS	357,115,425.79	148,659,527.80	(2,106,371.80)	210,562,269.79
84	INVESTMENT & SECURITY TRIBUNAL	-4,126,836.54	-6,557,486.54	0.00	2,430,650.00
	TOTAL:	**22,642,321,869.32**	**8,838,550,428.63**	**-100,907,072.60**	**13,904,678,513.29**

NOTE 9
TREASURY CLEARANCE ACCOUNT
AS AT 31ST DECEMBER, 2007

S/NO.	MINISTRY/DEPARTMENT	BALANCE ₦	CURRENT YEAR ₦	OPEN BALANCE ₦
1	National Planning Commission	-769,138.61	0.00	-769,138.61
2	Supreme Court	5,000.00	0.00	5,000.00
3	Ministry of Information	-28,817.81	0.00	-28,817.81
4	Ministry of Internal Affairs	288,999.30	0.00	288,999.30
5	OHCSF(Pension Office)	1,025,926,760.91	0.00	1,025,926,760.91
6	Ministry of Sports & Social Dev.	647,486,596.76	0.00	647,486,596.76
7	Ministry of Environment	17,865,716.71	0.00	17,865,716.71
8	Ministry of Culture & Tourism	9,087,760.71	0.00	9,087,760.71
9	Federal Ministry of Agriculture	467,539,474.84	0.00	467,539,474.84
10	Federal Ministry of Works	6,636,821.50	0.00	6,636,821.50
11	Nigeria Police/ Commands	323,505.00	0.00	323,505.00
12	Ministry of Women Affairs	8,977,300.05	0.00	8,977,300.05
13	Ministry of Justice	21,797.50	0.00	21,797.50
14	Customary Court of Appeal	7,251,727.97	0.00	7,251,727.97
15	NAPEP	118,646,931.40	0.00	118,646,931.40
16	National Population Commission	-684,000.00	0.00	-684,000.00
17	Nigerian Defence Academy	24,083,892.00	0.00	24,083,892.00
18	Budget Office of the Federation	-141,222,731.64	0.00	-141,222,731.64
19	Co-Operation & Integration in Africa	-337,662.66	0.00	-337,662.66
20	Immigration	-509,158.95	0.00	-509,158.95
21	Health	-1,117,135.89	0.00	-1,117,135.89
22	Federal Government Staff Housing Loans	133,034,964.43	0.00	133,034,964.43
23	OAGF , ABUJA	2,573,500.00	0.00	2,573,500.00
24	FEDERAL MINISTRY OF POWER & STEEL	-183,851,838.15	0.00	-183,851,838.15
25	FEDERAL HIGH COURT - LAGOS	-158,012.43	0.00	-158,012.43
26	INVESTMENT & SECURITY TRIBUNAL		0.00	
	TOTAL:	**2,141,072,252.94**	**0.00**	**2,141,072,252.94**
	FEDERAL PAY OFFICES			
1	FPO UYO	17,668,521.75	0.00	17,668,521.75
2	FPO AKURE	790,506.50	0.00	790,506.50
3	FPO JOS	2,050,475.50	0.00	2,050,475.50
4	FPO KATSINA	299.65	0.00	299.65
5	FPO AWKA	1,367,434.50	0.00	1,367,434.50
6	FPO YOLA	-1,642,805.64	0.00	-1,642,805.64
7	FPO GUSAU	8,390.13	0.00	8,390.13
8	FPO OSHOGBO	562,176.34	0.00	562,176.34
9	FPO LAFIA	43,956.29	0.00	43,956.29
10	FPO YENEGOA	381,736.71	0.00	381,736.71
11	FPO UMUAHIA	15,667,984.70	0.00	15,667,984.70
12	FPO MAKURDI	4,253.33	0.00	4,253.33
13	FPO LAGOS II	6,017,087.44	0.00	6,017,087.44

14	FPO ABEAKUTA	6,404,262.26	0.00	6,404,262.26
15	FPO ADO-EKITI	201,248.34	0.00	201,248.34
16	STF, ABUJA	0.00	0.00	0.00
	TOTAL CLEARANCE ACCT-FPOs:-	**49,525,527.80**	**0.00**	**49,525,527.80**
	CONSOLIDATED REVENUE FUND:	0.00	0.00	0.00
	TOTAL TREASURY CLEARANCE ACCOUNT:-	**2,190,597,780.74**	**0.00**	**2,190,597,780.74**

NOTE 10

REVOLVING LOAN ACCOUNT

AS AT 31ST DECEMBER, 2007

MINISTRY/DEPARTMENT	BALANCE
	₦
Federal Ministry of Agriculture	1,442,509,524.53
Federal Ministry of Agriculture-DRG	887,511,017.30
National Poverty Eradication Programme	2,645,727,845.97
Federal Government Staff Housing Loans	364,458,757.84
TOTAL:	**5,340,207,145.64**

NOTE 11

DEPOSIT ACCOUNT AS AT 31 DECEMBER, 2007

S/NO.	MINISTRY/DEPARTMENT	BALANCE	CURRENT YEAR	OPEN BALANCE
		₦	₦	₦
1	Sec. to the Govt. of the Federation(SGF)	-225,000.00	-225,000.00	0.00
2	Code of Conduct Tribunal (CCT)	1,117,705.89	0.00	1,117,705.89
3	Supreme Court	-88,684,900.26	0.00	-88,684,900.26
4	Ministry of Education	189,549,842.88	1,135,000.00	188,414,842.88
5	Ministry of Information	-11,638,445.58	-6,719,038.10	-4,919,407.48
6	Labour and Productivity	2,383,566.00	0.00	2,383,566.00
7	Ministry of Sports & Social Dev.	144,337,680.02	0.00	144,337,680.02
8	Ministry of Transport	-13,584,400.00	412,370.00	-13,996,770.00
9	Ministry of Housing & Urban Dev.	-31,454,114.00	0.00	-31,454,114.00
10	National Centre for Women Development	-400,000.00	-400,000.00	0.00
11	Federal Ministry of Agriculture	-509,947,124.40	0.00	-509,947,124.40
12	Federal Ministry of Works	-3,042,683.80	0.00	-3,042,683.80
13	Nigeria Police/ Commands	-150,000.00	0.00	-150,000.00
14	Ministry of Justice	-38,868,113.02	0.00	-38,868,113.02
15	Ministry of Inter.Govtal Affairs & Youth Dev.	-34,404,566.00	0.00	-34,404,566.00
16	NAPEP	100,353,943.24	0.00	100,353,943.24
17	National Population Commission	-24,718,712.13	0.00	-24,718,712.13
18	Nigerian Defence Academy	-2,274,667.20	0.00	-2,274,667.20
19	Immigration	-101,270.00	0.00	-101,270.00
20	Federal Government Staff Housing Loans	243,589,279.96	(12,109,016.34)	255,698,296.30
21	Federal Ministry of Communication	2,141,921.71	0.00	2,141,921.71

22	NIGERIA PRISONS SERVICE	-3,548,018.28	0.00	-3,548,018.28
23	OAGF , ABUJA	-1,965,888.81	-1,965,888.81	0.00
24	FEDERAL MINISTRY OF POWER & STEEL	-5,500.00	0.00	-5,500.00
25	FEDERAL MINISTRY OF FOREIGN AFFAIRS	-499,200.49	0.00	-499,200.49
26	FEDERAL MINISTRY OF COMMERCE	-2,216,557.67	0.00	-2,216,557.67
27	NIGERIA AIR FORCE	10,265,208.44	10,265,208.44	0.00
28	FEDERAL MINISTRY OF INDUSTRY	-97,139.73	-97,139.73	0.00
29	FEDERAL MINISTRY OF FINANCE	3,509,000.00	1,064,000.00	2,445,000.00
30	COURT OF APPEAL, ABUJA	3,424,132.00	3,424,132.00	0.00
31	NATIONAL ASSEMBLY SERVICE COMMISSION	13,981,118.07	13,981,118.07	0.00
32	NATIONAL JUDICIAL INSTITUTE, ABUJA	55,790,601.11	0.00	55,790,601.11
33	CUSTOM IMMIGRATION PRISONS PENSION OFFICE	-8,999,010.59	-7,000.00	-8,992,010.59
34	OFFICE OF HEAD OF CIVIL SERVICE OF THE FED.	-38,336,709.00	0.00	-38,336,709.00
35	FEDERAL HIGH COURT - LAGOS	-100,006,637.52	-35,000.00	-99,971,637.52
	TOTAL:	**-144,724,659.16**	**8,723,745.53**	**-153,448,404.69**
	FEDERAL PAY OFFICES			
1	FPO JOS	43,950.00	0.00	43,950.00
2	FPO ASABA	0.00	0.00	
3	FPO ADO-EKITI	0.00	0.00	
4	FPO AKURE	0.00	0.00	
5	FPO ABEOKUTA	4,128,455.28	4,128,455.28	
6	FPO GUSAU	-2,356,593.42	-2,356,593.42	
	TOTAL DEPOSIT ACCT-FPOs:-	**1,815,811.86**	**1,771,861.86**	**43,950.00**
	TOTAL DEPOSIT ACCOUNT:-	**-142,908,847.30**	**10,495,607.39**	**-153,404,454.69**

NOTE 12

PERSONNEL COSTS

FOR THE YEAR ENDED 31ST DECEMBER, 2007

	BUDGET	ACTUAL	EXCESS EXP.	SAVINGS
	₦	₦	₦	₦
STATE HOUSE	1,376,044,123.00	762,953,419.28		613,090,703.72
NATIONAL PLANNING COMMISSION	245,324,872.25	167,521,742.59		77,803,129.66
FEDERAL OFFICE OF STATISTICS	1,040,474,484.00	1,038,011,258.95		2,463,225.05
SECRETARY TO GOVERNMENT OF THE FEDERATION	1,244,547,364.00	1,241,966,735.02		2,580,628.98
NATIONAL POVERTY ERADICATION PROGRAMME	937,740,213.94	945,003,824.01		-7,263,610.07
NATIONAL ASSEMBLY-MANAGEMENT	2,485,841,407.00	2,485,140,858.98		700,548.02
NASS- SENATE	490,265,731.00	464,366,388.36		25,899,342.64
NASS- HOUSE OF REPRESENTATIVES	1,587,028,196.96	1,397,121,387.73		189,906,809.23
NATIONAL ASSEMBLY SERVICE COMMISSION	238,378,756.63	238,119,900.06		258,856.57
FEDERAL MINISTRY OF INTER-GOV' TAL AFFAIRS	200,124,434.05	199,914,785.28		209,648.77
FEDERAL MINISTRY OF POLICE AFFAIRS	1,103,437,387.07	439,205,731.60		664,231,655.47
POLICE SERVICE COMMISSION	103,213,852.27	102,249,263.05		964,589.22
POLICE PENSION OFFICE	92,851,976.33	92,818,227.10		33,749.23
POLICE FORMATION AND COMMAND	73,225,756,647.50	72,958,504,083.71		267,252,563.79
FEDERAL MINISTRY OF WOMEN AFFAIRS	199,539,581.83	198,792,428.27		747,153.56
FEDERAL MINISTRY OF AGRIC & RURAL DEV	3,761,631,295.00	2,596,513,025.78		1,165,118,269.22
OFFICE OF THE AUDITOR-GENERAL OF FED.	916,550,317.77	898,089,474.07		18,460,843.70
FEDERAL MINISTRY OF WATER RESOURCES	645,984,862.74	640,955,906.85		5,028,955.89
MINISTRY OF DEFENCE	8,473,880,793.27	8,453,306,104.60		20,574,688.67
DEFENCE HEADQUARTERS	45,432,000.00	45,342,400.00		89,600.00
NIGERIAN ARMY	35,671,280,805.66	35,664,720,470.28		6,560,335.38

NIGERIAN NAVY	13,046,210,917.70	13,039,047,865.78	7,163,051.92
NIGERIAN AIRFORCE	15,754,632,439.25	15,752,248,544.70	2,383,894.55
NIGERIA DEFENCE ACADEMY	1,695,306,630.79	1,692,601,745.76	2,704,885.03
NATIONAL WAR COLLEGE	226,536,102.29	225,967,033.01	569,069.28
COMMAND AND STAFF COLLEGE, JAJI	273,467,270.67	263,784,155.14	9,683,115.53
NIG. ARMED FORCES RESETTLEMENT CENTRE	616,334,438.00	615,635,514.33	698,923.67
DEFENCE INTELLEGENCE AGENCY	258,706,773.18	258,626,387.00	80,386.18
DEFENCE MISSIONS	1,395,502,000.00	1,179,173,356.15	216,328,643.85
NATIONAL POPULATION COMMISSION	2,468,181,647.40	2,200,686,921.64	267,494,725.76
FEDERAL MINISTRY OF EDUCATION	2,055,340,315.00	1,993,940,541.98	61,399,773.02
UNITY SCHOOLS	9,831,332,697.00	8,861,681,404.58	969,651,292.42
FEDERAL MINISTRY OF FOREIGN AFFAIRS	1,901,999,491.58	1,666,175,308.52	235,824,183.06
OVERSEAS MISSION	6,532,074,771.06	6,531,446,203.09	628,567.97
FEDERAL MINISTRY OF FINANCE	368,387,922.38	367,729,173.56	658,748.82
DEBT MANAGEMENT OFFICE	234,276,503.12	203,469,142.14	30,807,360.98
BUDGET OFFICE OF THE FEDERATION	230,426,281.71	229,668,299.19	757,982.52
OFFICE OF THE ACCOUNTANT-GENERAL OF FED	1,407,864,601.14	1,407,789,483.06	75,118.08
FEDERAL INLAND REVENUE SERVICE	12,484,370,313.00	12,446,072,148.21	38,298,164.79
INVESTMENT AND SECURITIES TRIBUNAL	164,984,042.36	146,867,132.28	18,116,910.08
FEDERAL MINISTRY OF HEALTH	2,892,353,360.28	2,893,287,917.88	-934,557.60
FEDERAL MINISTRY OF INDUSTRY	800,414,691.84	800,033,846.02	380,845.82
FEDERAL MINISTRY OF INF & NAT ORIENTATION	2,003,798,871.51	1,353,299,381.12	650,499,490.39
MINISTRY OF INTERNAL AFFAIRS	3,077,751,919.04	2,405,271,596.92	672,480,322.12
IMMIGRATION AND PRISONS BOARD	68,338,053.90	65,418,151.99	2,919,901.91
CUSTOMS, IMMIGRATION & PRISONS PENSION BD	75,712,882.43	74,804,974.94	907,907.49
NIGERIAN PRISONS SERVICE(NPS)	10,223,563,390.99	10,206,954,025.35	16,609,365.64

NIGERIAN IMMIGRATION SERVICE(NIS)	7,227,819,747.20	7,211,502,508.88	16,317,238.32
NATIONAL CIVIL DEFENCE CORPS	6,278,332,080.95	6,271,404,382.23	6,927,698.72
OFFICE OF HEAD OF SERVICE OF THE FEDERATION	1,422,032,009.80	1,421,711,918.67	320,091.13
FEDERAL HOUSING LOAN BOARD	79,988,216.58	79,935,018.05	53,198.53
FEDERAL MINISTRY OF JUSTICE	670,376,139.90	656,440,255.84	13,935,884.06
MIN. OF EMP, LABOUR AND PRODUCTIVITY	936,602,039.50	775,735,258.37	160,866,781.13
INDUSTRIAL ARBITRATION PANEL	80,437,578.53	80,074,318.85	363,259.68
MINISTRY OF POWER AND STEEL	453,700,825.66	404,647,088.34	49,053,737.32
FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	211,146,228.22	211,041,740.80	104,487.42
MINISTRY OF SPORTS AND SOCIAL DEVELOPMENT	711,221,718.07	710,963,302.54	258,415.53
PUBLIC COMPLIANTS COMMISSION	729,822,955.67	681,850,317.01	47,972,638.66
FEDERAL CIVIL SERVICE COMMISSION	316,441,411.55	316,373,458.39	67,953.16
FEDERAL MINISTRY OF COMMERCE	870,343,901.76	869,403,284.43	940,617.33
FEDERAL MINISTRY OF TRANSPORT	367,021,404.60	357,721,694.16	9,299,710.44
FEDERAL MINISTRY OF PETROLEUM RESOURCES	204,835,422.96	204,714,935.67	120,487.29
DEPARTMENT OF PETROLEUM RESOURCES (DPR)	9,843,397,213.26	9,843,301,587.28	95,625.98
FEDERAL MINISTRY OF WORKS	2,726,446,774.89	1,861,780,901.48	864,665,873.41
FEDERAL ROADS MAINTENANCE AGENCY	535,787,206.00	453,206,179.95	82,581,026.05
FEDERAL MINISTRY OF COMMUNICATION	286,716,526.03	249,359,360.04	37,357,165.99
FEDERAL MINISTRY OF HOUSING AND URBAN DEVT.	4,298,963,108.75	3,580,593,539.43	718,369,569.32
FEDERAL MINISTRY OF SOLID MINERAL DEVT	296,004,390.72	287,802,724.18	8,201,666.54
GEOLOGICAL SURVEY OF NIGERIA AGENCY	318,042,746.43	317,082,140.12	960,606.31
MINISTRY OF AVIATION	278,647,078.86	234,308,489.79	44,338,589.07
NATIONAL SALARIES, INCOMES AND WAGES COMM	113,710,299.75	80,206,348.36	33,503,951.39
FEDERAL CHARACTER COMMISSION	501,395,628.68	449,315,131.95	52,080,496.73
FEDERAL MINISTRY OF ENVIRONMENT	1,064,263,800.19	854,185,012.76	210,078,787.43

REVENUE MOB, ALLOCATION & FISCAL COMMISSION	326,001,894.17	325,762,698.16		239,196.01
FEDERAL MINISTRY OF CULTURE & TOURISM	249,601,594.24	249,592,138.61		9,455.63
CODE OF CONDUCT BUREAU	349,448,377.15	131,252,140.31		218,196,236.84
Code of Conduct Tribunal	66,805,124.41	66,334,995.07		470,129.34
Court of Appeal	643,676,867.74	581,727,901.70		61,948,966.04
Fed Judicial Service Commission	74,484,211.62	68,155,835.81		6,328,375.81
National Centre for Women Development	99,810,772.19	80,629,886.11		19,180,886.08
National Judicial Council	113,913,876.00	94,114,048.61		19,799,827.39
National Industrial Court	211,356,665.28	192,486,858.64		18,869,806.64
Surveyor General	521,807,934.63	506,469,851.87		15,338,082.76
Nat Human Rights Commission	220,126,008.76	219,502,287.87		623,720.89
Customary Court of Appeal	202,118,000.00	202,082,826.84		35,173.16
Sharia Court of Appeal	101,254,200.00	32,145,190.53		69,109,009.47
Supreme Court	390,211,000.00	389,506,134.96		704,865.04
National Judicial Institute:-	151,500,000.00	150,592,322.13		907,677.87
Federal High Court	608,140,971.20	609,395,811.17		-1,254,839.97
National Boundary Commission	183,221,650.37	114,158,830.94		69,062,819.43
High Court of Justice, Abuja	1,083,233,613.00	731,669,858.55		351,563,754.45
Judicial Service Committee	135,816,221.80	113,717,412.76		22,098,809.04
Nigeria Custom Service	9,904,932,407.21	7,774,983,514.83		2,129,948,892.38
TOTAL:	**280,634,155,274.12**	**269,011,239,112.95**	**0.00**	**11,622,916,161.17**

NOTE 13

OVERHEADS COSTS

FOR THE YEAR ENDED 31ST DECEMBER, 2007

	BUDGET	ACTUAL	EXCESS EXP.	SAVINGS
	₦	₦	₦	₦
STATE HOUSE	11,654,902,607.00	10,719,411,436.77		935,491,170.23
NATIONAL PLANNING COMMISSION	240,509,706.00	240,484,579.32		25,126.68
FEDERAL OFFICE OF STATISTICS	677,675,029.00	579,914,473.94		97,760,555.06
SECRETARY TO GOVERNMENT OF THE FEDERATION	3,094,517,316.00	2,948,746,361.00		145,770,955.00
NATIONAL POVERTY ERADICATION PROGRAMME	412,259,786.00	347,493,697.73		64,766,088.27
NATIONAL ASSEMBLY-MANAGEMENT	5,438,548,711.00	5,431,721,744.59		6,826,966.41
NASS- SENATE	16,878,416,796.00	16,750,841,569.82		127,575,226.18
NASS- HOUSE OF REPRESENTATIVES	26,092,040,683.52	25,077,905,496.16		1,014,135,187.36
NATIONAL ASSEMBLY SERVICE COMMISSION	461,950,243.00	444,742,866.72		17,207,376.28
FEDERAL MINISTRY OF INTER-GOV' TAL AFFAIRS	681,350,380.00	595,141,494.34		86,208,885.66
FEDERAL MINISTRY OF POLICE AFFAIRS	524,462,456.20	488,072,963.34		36,389,492.86
POLICE SERVICE COMMISSION	328,154,597.19	253,138,598.01		75,015,999.18
POLICE PENSION OFFICE	45,662,839.00	44,905,403.27		757,435.73
POLICE FORMATION AND COMMAND	11,698,452,627.26	11,677,976,797.38		20,475,829.88
FEDERAL MINISTRY OF WOMEN AFFAIRS	454,168,895.00	263,601,206.86		190,567,688.14
FEDERAL MINISTRY OF AGRIC & RURAL DEV	1,239,908,143.19	1,237,814,289.60		2,093,853.59
OFFICE OF THE AUDITOR-GENERAL OF FED.	1,486,374,757.01	1,486,161,802.86		212,954.15
FEDERAL MINISTRY OF WATER RESOURCES	533,367,494.23	523,771,073.57		9,596,420.66
MINISTRY OF DEFENCE	4,751,613,185.89	4,749,367,109.30		2,246,076.59
DEFENCE HEADQUARTERS	333,496,082.08	333,494,583.97		1,498.11
NIGERIAN ARMY	4,187,938,528.48	4,187,866,147.69		72,380.79
NIGERIAN NAVY	6,558,594,070.90	6,541,593,806.69		17,000,264.21
NIGERIAN AIRFORCE	5,383,740,843.61	4,913,992,858.50		469,747,985.11
NIGERIA DEFENCE ACADEMY	1,097,752,866.94	1,097,670,487.86		82,379.08
NATIONAL WAR COLLEGE	1,047,933,667.06	1,047,017,721.44		915,945.62
COMMAND AND STAFF COLLEGE, JAJI	1,156,050,965.00	1,155,854,306.62		196,658.38

NIG. ARMED FORCES RESETTLEMENT CENTRE	137,933,469.00	137,911,550.52	21,918.48
DEFENCE INTELLEGENCE AGENCY	2,470,881,744.54	2,342,177,379.78	128,704,364.76
DEFENCE MISSIONS	956,602,711.39	952,370,992.69	4,231,718.70
NATIONAL POPULATION COMMISSION	435,685,285.00	434,729,713.20	
FEDERAL MINISTRY OF EDUCATION	1,000,000,000.00	999,989,145.59	10,854.41
UNITY SCHOOLS	6,399,072,976.00	5,144,447,091.87	1,254,625,884.13
FEDERAL MINISTRY OF FOREIGN AFFAIRS	6,493,014,092.23	4,639,959,839.00	1,853,054,253.23
OVERSEAS MISSION	14,548,963,999.13	14,548,944,155.16	19,843.97
FEDERAL MINISTRY OF FINANCE	870,918,425.00	870,751,386.23	167,038.77
DEBT MANAGEMENT OFFICE	312,447,697.00	272,728,841.89	39,718,855.11
BUDGET OFFICE OF THE FEDERATION	298,235,035.55	297,833,498.43	401,537.12
OFFICE OF THE ACCOUNTANT-GENERAL OF FED	938,051,244.50	938,050,244.80	999.70
FEDERAL INLAND REVENUE SERVICE	7,190,479,332.00	2,489,750,924.00	4,700,728,408.00
INVESTMENT AND SECURITIES TRIBUNAL	377,356,581.00	333,755,535.44	43,601,045.56
FEDERAL MINISTRY OF HEALTH	999,103,856.00	819,526,085.06	179,577,770.94
FEDERAL MINISTRY OF INDUSTRY	805,552,872.00	542,278,696.17	263,274,175.83
FEDERAL MINISTRY OF INF & NAT ORIENTATION	862,563,731.00	861,774,639.78	789,091.22
MINISTRY OF INTERNAL AFFAIRS	533,368,248.54	528,923,969.36	4,444,279.18
IMMIGRATION AND PRISONS BOARD	62,215,628.00	39,389,908.63	22,825,719.37
CUSTOMS, IMMIGRATION & PRISONS PENSION BD	64,590,013.00	63,853,181.44	736,831.56
NIGERIAN PRISONS SERVICE(NPS)	6,051,468,597.00	4,872,223,282.38	1,179,245,314.62
NIGERIAN IMMIGRATION SERVICE(NIS)	1,923,375,328.00	1,585,517,902.87	337,857,425.13
NATIONAL CIVIL DEFENCE CORPS	3,850,999,158.79	2,952,708,721.12	898,290,437.67
OFFICE OF HEAD OF SERVICE OF THE FEDERATION	1,039,686,386.00	1,038,617,569.59	1,068,816.41
FEDERAL HOUSING LOAN BOARD	35,407,275.08	35,004,955.91	402,319.17
FEDERAL MINISTRY OF JUSTICE	4,944,889,472.56	2,433,099,541.61	2,511,789,930.95
MIN. OF EMP, LABOUR AND PRODUCTIVITY	1,066,516,353.09	706,745,329.53	359,771,023.56
INDUSTRIAL ARBITRATION PANEL	82,058,408.00	73,265,322.69	8,793,085.31
MINISTRY OF POWER AND STEEL	939,029,979.68	783,575,063.51	155,454,916.17

FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	246,217,790.76	246,156,340.61	61,450.15
MINISTRY OF SPORTS AND SOCIAL DEVELOPMENT	2,422,085,483.40	2,361,061,706.39	61,023,777.01
PUBLIC COMPLIANTS COMMISSION	230,902,044.00	185,157,238.46	45,744,805.54
FEDERAL CIVIL SERVICE COMMISSION	402,558,587.14	388,839,614.76	13,718,972.38
FEDERAL MINISTRY OF COMMERCE	260,999,999.50	260,237,075.31	762,924.19
FEDERAL MINISTRY OF TRANSPORT	104,551,399.00	103,682,165.82	869,233.18
FEDERAL MINISTRY OF PETROLEUM RESOURCES	377,392,259.00	323,224,305.50	54,167,953.50
DEPARTMENT OF PETROLEUM RESOURCES (DPR)	999,866,931.43	999,479,254.54	387,676.89
FEDERAL MINISTRY OF WORKS	1,126,204,187.00	637,490,364.76	488,713,822.24
FEDERAL ROADS MAINTENANCE AGENCY	49,251,023,819.72	15,095,792,066.77	34,155,231,752.95
FEDERAL MINISTRY OF COMMUNICATION	671,513,746.00	479,393,386.00	192,120,360.00
FEDERAL MINISTRY OF HOUSING AND URBAN DEVT.	927,312,190.00	927,140,318.88	171,871.12
FEDERAL MINISTRY OF SOLID MINERAL DEVT	734,296,946.00	759,110,341.71	-24,813,395.71
GEOLOGICAL SURVEY OF NIGERIA AGENCY	384,984,527.18	384,494,155.08	490,372.10
MINISTRY OF AVIATION	249,811,780.50	221,724,529.97	28,087,250.53
NATIONAL SALARIES, INCOMES AND WAGES COMM	106,289,700.00	84,470,750.85	21,818,949.15
FEDERAL CHARACTER COMMISSION	383,704,371.40	379,312,801.94	4,391,569.46
FEDERAL MINISTRY OF ENVIRONMENT	267,316,706.00	171,500,408.16	95,816,297.84
REVENUE MOB, ALLOCATION & FISCAL COMMISSION	473,998,105.24	408,086,347.40	65,911,757.84
FEDERAL MINISTRY OF CULTURE & TOURISM	945,041,770.00	545,130,868.30	399,910,901.70
CODE OF CONDUCT BUREAU	354,098,071.25	91,616,076.24	262,481,995.01
Code of Conduct Tribunal	92,140,769.20	91,743,503.34	397,265.86
Court of Appeal	2,802,000,000.00	2,585,830,416.87	216,169,583.13
Fed Judicial Service Commission	724,719,688.38	683,734,849.28	40,984,839.10
National Centre for Women Development	78,980,305.00	77,453,522.84	1,526,782.16
National Judicial Council	4,605,646,276.00	2,945,728,245.60	1,659,918,030.40
National Industrial Court	1,257,575,708.95	1,215,611,794.11	41,963,914.84

Surveyor General	139,349,990.00	90,914,238.37		48,435,751.63
Nat Human Rights Commission	110,445,000.00	110,121,181.06		323,818.94
Customary Court of Appeal	563,500,000.00	562,600,816.30		899,183.70
Sharia Court of Appeal	378,500,000.00	120,469,074.23		258,030,925.77
Supreme Court	1,346,109,000.00	1,346,004,182.39		104,817.61
National Judicial Institute:-	660,146,499.00	520,409,653.92		139,736,845.08
Federal High Court	2,257,321,607.00	2,257,119,884.90		201,722.10
National Boundary Commission	271,303,456.69	234,617,309.87		36,686,146.82
High Court of Justice, Abuja	2,245,386,641.00	2,245,073,999.71		312,641.29
Directorate of Military Pension	600,412,755.00	599,629,794.80		782,960.20
Judicial Service Committee	809,183,778.20	809,100,151.80		83,626.40
Nigeria Custom Service	2,590,067,592.79	2,412,185,024.82		177,882,567.97
TOTAL:	**254,603,270,657.38**	**198,840,055,107.27**	**0.00**	**55,762,259,978.31**

NOTE 14

CONSOLIDATED REVENUE FUND CHARGES

FOR THE YEAR ENDED 31ST DECEMBER, 2007

DESCRIPTION	BUDGET-2007	ACTUAL	EXCESS EXPEND	SAVINGS
	₦	₦	₦	₦
SALARIES AND WAGES-				
Auditor General of the Federation	2,306,000.00	3,534,809.40	1,228,809.40	
Federal Civil Service Commission	19,625,000.00	25,932,036.63	6,307,036.63	
Public Complaints Commission	27,591,000.00	5,557,206.48		22,033,793.52
Independent Anti-Corruption Commission	30,000,000.00	30,000,000.00	0.00	0.00
Independent National Electoral Commission	67,227,000.00	67,227,000.00	0.00	0.00
National Population Commission	147,530,776.00	156,165,421.25	8,634,645.25	
Police Command and Formation	10,825,306.00	29,674,557.45	18,849,251.45	
Code of Conduct Bureau	30,770,000.00	30,770,000.00		0.00
Revenue Mobilizations Alloc. And Fiscal Commission	390,523,000.00	335,039,893.69		55,483,106.31
Federal Character Commission	100,000,000.00	43,551,414.49		56,448,585.51
Sub-total	**826,398,082.00**	**727,452,339.39**	**35,019,742.73**	**133,965,485.34**
Other CR F charges-Pension & Gratuity				
Pension and Gratuity-Civilian	31,374,191,127.06	36,802,533,514.93	5,428,342,387.87	
Pension and Gratuity-Military	35,404,671,050.90	47,036,998,432.85	11,632,327,381.95	
Pension and Gratuity-Police	8,409,133,968.14	20,676,015,162.04	12,266,881,193.90	
Pension and Gratuity-CIPPO	2,259,115,321.53	9,665,932,780.51	7,406,817,458.98	
Pension and Gratuity-Universities	3,887,655,012.00	9,956,208,777.30	6,068,553,765.30	
Pension and Gratuity-Parastatals	11,199,458,042.00	1,850,000,004.00		9,349,458,038.00
Service Wide	209,608,362,645.01	187,646,570,868.51		21,961,791,776.50
Capital Supplementation-Conditional Grant:	30,000,000,000.00	28,250,889,742.00		1,749,110,258.00

Sub-total	**332,142,587,166.63**	**341,885,149,282.14**	**42,802,922,188.00**	**33,060,360,072.50**
Other CR F charges-Judiciary:				
National Judicial Institute (NJI)	6,353,501.00	19,706,939.25	13,353,438.25	
Supreme Court	118,680,000.00	32,782,923.27		85,897,076.73
Court of Appeal	237,277,732.26	300,601,319.12	63,323,586.86	
Federal High Court	166,209,421.80	128,624,865.71		37,584,556.09
High Court -Abuja	115,129,777.24	108,506,719.65		6,623,057.59
FCT Sharia Court of Appeal	29,000,000.00	29,000,000.00		0.00
FCT Customary Court of Appeal	19,382,000.00	19,373,611.81		8,388.19
National Industrial Court	81,067,625.77	15,483,731.16		65,583,894.61
National Judicial Council	2,695,439,848.00	20,117,672,809.04	17,422,232,961.04	
Federal Judicial Service Commission	31,796,100.00	7,100,112.56		24,695,987.44
States - Judiciary:-	0.00	0.00	0.00	
Judicial Service Committee - FCT	5,000,000.00	9,202,134.13	4,202,134.13	
Sub-total	**3,505,336,006.07**	**20,788,055,165.70**	**17,503,112,120.28**	**220,392,960.65**
Other CR F charges-Public Debt Charges:				
Charges on NTB and Sinking Fund:	0.00	146,958,056,558.75	146,958,056,558.75	
Grand Total	**336,474,321,254.70**	**510,358,713,345.98**	**207,299,110,609.76**	**33,414,718,518.49**

NOTE 15

SUBVENTION TO PARASTATALS FOR THE YEAR ENDED 31ST DECEMBER, 2007

	BUDGET	ACTUAL	EXCESS EXP.	SAVINGS
	₦	₦	₦	₦
Presidency	35,275,198,542.00	42,647,041,013.99	7,371,842,471.99	
Ministry of Intergovernmental Affairs:	19,563,766,476.93	23,696,670,773.00	4,132,904,296.07	
Ministry of Agriculture and Natural Resources:	11,128,882,566.00	14,623,319,545.00	3,494,436,979.00	
ICPC	2,500,000,000.00	1,365,328,297.78		1,134,671,702.22
Ministry of Water Res & Rural Development:	3,722,344,576.00	18,545,367,182.43	14,823,022,606.43	
Ministry of Defence	-1,372,585,427.00	64,636,148.00		-1,437,221,575.00
Education	122,810,249,420.10	137,764,618,279.50	14,954,368,859.40	
Foreign Affairs	3,082,408,649.00	1,955,583,264.00		1,126,825,385.00
Finance:	1,445,753,969.00	965,546,071.02		480,207,897.98
Heath:	67,495,377,358.00	71,921,917,913.55	4,426,540,555.54	
Industry:	1,620,048,538.00	1,682,075,678.08	62,027,140.08	
Information and National Orientation:	10,355,122,833.00	9,253,660,756.74		1,101,462,076.25
Head of Civil Service of the Federation:	815,451,548.00	1,421,113,669.08	605,662,121.08	
Justice	3,044,662,970.00	5,449,599,548.61	2,404,936,578.60	
Ministry of Labour and Productivity:	2,639,549,283.00	2,614,937,296.72		24,611,986.28
Ministry of Power and Steel:	3,245,652,163.00	3,198,707,000.03		46,945,162.97
Ministry of Science and Technology:	8,071,445,765.00	8,733,912,730.57	662,466,965.57	
Ministry of Sports and Social Development:	953,870,738.00	751,095,972.45		202,774,765.55
Ministry of Commerce:	2,117,280,318.00	5,810,623,728.06	3,693,343,410.07	
Ministry of Transport:	3,316,968,776.00	7,004,888,753.79	3,687,919,977.79	

Ministry of Petroleum Resources:	4,854,556,021.00	4,876,363,514.94	21,807,493.94	
Ministry of Works:	383,376,272.00	427,456,150.06	44,079,878.06	
INEC	30,144,675,205.92	46,560,474,841.69	16,415,799,635.77	
Ministry of Solid Minerals Development:	70,852,050.00	66,369,825.26		4,482,224.74
Ministry of Aviation:	1,342,702,295.00	3,119,809,933.50	1,777,107,638.49	
Ministry of Environment:	2,967,303,686.00	2,673,640,411.32		293,663,274.67
Ministry of Culture and Tourism:	5,474,751,234.00	4,784,183,872.07		690,567,361.93
TOTAL:	**347,069,665,825.94**	**421,978,942,171.24**	**78,578,266,607.88**	**3,668,990,262.59**

NOTE 16
MOVEMENT OF INTERNAL LOANS(NTB & OTHERS) 2007

DESCRIPTION	ACTUAL	NET BALANCE
		2007
	₦	
TREASURY BILLS (NTB) ISSUED	**1,479,864,777,926.47**	
LESS TREASURY BILLS (NTB) PAID	**1,480,652,995,000.00**	
NET TREASURY BILLS (NTB)		**-788,217,073.53**
INTERNAL LOANS RECEIVED	**201,004,164,383.56**	
LESS INTERNAL LOAN REPAID	**30,912,010,000.00**	
NET INTERNAL LOANS		**170,092,154,383.56**
NET TOTAL		**169,303,937,310.03**