



FEDERAL REPUBLIC OF NIGERIA

**Auditor-General's Report
on the Accounts of the
Government of the Federation
of Nigeria for the Year Ended
31st December, 1999**

(PART I)

JULY 2001

PRINTED BY THE FEDERAL GOVERNMENT PRINTER, LAGOS

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29th March, 2001

The Permanent Secretary and
Clerk of the 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 YEARS ENDED 31ST DECEMBER, 1998 AND 1999 (PART I)
AND 31ST DECEMBER, 1997, 1998 AND 1999 (PART II)

In accordance with Section 85 (2) and (5) of the Constitution of the Federal Republic of Nigeria 1999, I herewith submit to the National Assembly 2 (two) signed copies of the Reports on the Accounts of the Government of the Federation of Nigeria for the years ended 31st December, 1998 and 1999 (Part I).

2. Though called Part I, it is by far the major segment of the Annual Report for 1998 and 1999. It covers all Ministries, Extra-Ministerial Departments, Offices and other agencies of the Federal Civil Service and is meant for the information of the Accounting Officers.

3. Also being submitted are 2 (two) signed copies each of Part II of my Reports on the Accounts of the Government of the Federation for the years ended 31st December, 1997, 1998, and 1999 respectively. These Reports contain audit observations on the Accountant-General's Financial Statements for the three fiscal years. Part I of my Report on the Accounts of the Federation of Nigeria for the year ended 31st December, 1997 and Part II of the Reports for 1995 and 1996 had earlier on been submitted to the Permanent Secretary and Clerk of the National Assembly on 30th November, 2000.

P. N. AKUBUEZE
Auditor-General for the Federation

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INTRODUCTION

In accordance with Sections 13 (1) and 14 (1) of the Audit Act (Cap. 17, Laws of the Federation of Nigeria, etc. 1958) and Section 24 of the Finance (Control and Management) Act, (1958) as amended, 33 Statements of Accounts for each financial year were to be submitted to me by the Accountant-General of the Federation for examination seven months after the financial year end and my Report thereon submitted, ten months after the financial year end. It should be mentioned at this point that 32 of the 33 Financial Statements expected from the Accountant-General's Office were submitted to my Office on 31st October, 2000. The remaining one, Statement No. 6.3 (Special and Miscellaneous Funds) was later submitted on 3rd November, 2000.

2. The Auditor-General's Annual Report normally has 3 other Sections after the Introduction, viz :

(a) *Section II.—Losses of Cash and Stores* : This section contains reported cases of losses of cash and stores of amounts not less than 1,000.00 arising from theft, fraud, negligence, death of government debtors, inadequate security arrangement and non-observance of existing regulations that were made to the Office of the Auditor-General since the last Report.

(b) *Section III.—Statements of Assets and Liabilities* : This section contains mainly observations on the examination of the Financial Statements submitted by the Accountant-General of the Federation for the year under review.

(c) *Section IV.—Ministries, Offices and Extra-Ministerial Departments* : This is the major section of the Report. It contains observations on the audit of the underlying accounting records maintained by the various Ministries; Extra-Ministerial Departments and Offices of the Federal Government, both at home and abroad and Special Audits done during the year under review for which the Accounting Officers are answerable.

3. The Auditor-General's Report for 1999 is in 2 parts. Part I, which is this one, contains particulars of reported cases of Losses of Cash and Stores and the observations and comments arising from the audit of the underlying accounting records of Ministries, Offices and Extra-Ministerial Departments. Part II, which contains the observations made during the examination of the Financial Statements submitted by the Accountant-General of the Federation for the year under review, is being issued along with this Part I.

4. The underlying accounting records of the Government of the Federation of Nigeria for the year ended 31st December, 1999 have been examined under my direction in accordance with Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999. The observations and comments made during the audit examination are presented in this Report.

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

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

In all, 6 and 15 cases of loss of cash and stores respectively were reported. The following schedule shows the comparative position with regard to losses in the preceeding four years :

Year					Losses of Cash		Losses of Stores
					Amount	No.	
					₦ : K		
1995	..	..	..	12	38,159,459.83	16	
1996	..	..	..	22	4,721,585.71	32	
1997	..	..	..	12	3,722,019.94	8	
1998	..	..	..	10	4,215,871.42	1	
1999	..	..	..	6	1,933,157.45	15	

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 this Office, the Accountant-General of the Federation's Office and to the Federal Civil Service Commission.

6. The number of reported accidents to Federal Government vehicles during the year under review was 13. The accidents occurred in the underlisted Ministries and Offices :

S/No.	Ministry and Office	No. of Vehicles
1.	Ministry of Transport	2
2.	Presidency	6
3.	Ministry of Science and Technology	2
4.	Federal Civil Service Commission	2
5.	Ministry of Information	1

Reported accident cases, from the above figures had decreased considerably when compared with the number reported in most previous years. It would appear that all cases of accidents involving government vehicles have not been reported. Ministries and Extra-Ministerial Departments should adhere to the provisions of Financial Regulations Chapter 34, which requires Accounting Officers to render quarterly returns of accident to government vehicles. Nil return should be rendered where no accident occurred.

The amount of ex-gratia payments for civil claims for the year was not furnished by Ministries and Departments.

MINISTRY OF AVIATION

7. A loss of the sum of ₦225,000.00 belonging to the Federal Ministry of Aviation was reported. The loss occurred on 2nd April, 1998 when the Central Pay Office of the Ministry was burgled by unknown person(s). Police interim report dated 29th September, 1998 indicted two members of staff of the Ministry for criminal negligence and recommended that the case be charged to court. Further audit investigation revealed that the Ministry opted to surcharge the two officers for the whole of the missing money.

The Permanent Secretary had been requested to confirm if the decision to surcharge the two officers had been implemented and to furnish my office with the recovery particulars for audit verification. His reply is being awaited. The matter is under correspondence.

CIVIL SERVICE COMMISSION

8. A loss of various store items consisting of two Thermocool refrigerators (T200), one (

Losses of Stores

No.

16
32
8
1
15

The items were discovered missing from the store in 1998, during the audit inspection. The Chief Stores Officer had not been able to provide satisfactory explanation about the missing items. The Commission had also not reported the loss formally as required by the Financial Regulations.

The Permanent Secretary has been requested to recover the full value of the missing stores items from the Chief Stores Officer with documentary evidence of disciplinary action taken and furnish me with the recovery particulars for audit verification. His reply is being awaited.

The matter is under correspondence.

not an indication of
right disregard for the
Accounting Officer
to this Office, the
Commission.
during the year under
review:

Vehicles

9. A brand new car Peugeot 504 Saloon 2000 series with chassis/engine number 6141737 belonging to the Federal Civil Service Commission was reported stolen. The vehicle which was allocated to one of the Commissioners was allegedly snatched at gun point near Owerri by armed robbers at 7.00 p.m. on 11th December, 1998. The vehicle carried no registration number and plate number at the time of the incident and was said to be driven by the Commissioner's official driver. Also, the value of the vehicle could not be determined as the detailed particulars were not registered in the Commission's Plant Ledger. The robbery case was said to have been reported to the police but the police report had not yet been received in my office at the time of writing this report in March 2001.

The Permanent Secretary had been requested to formally report the case by submitting Treasury Form 146 as allowed by the provisions of the Financial Regulations and also to furnish my office with the results of action taken to recover the missing vehicle. His reply is being awaited.

The matter is still under correspondence.

considerably when
that all cases of
Extra-Ministerial
34, which require
vehicles. Nil return

10. A Peugeot 504 Station Wagon with registration number FG-41-S43 was allegedly vandalised beyond economic repairs while waiting for repairs and servicing at the workshop of a motor mechanic company in Lagos. The vehicle had been sent for servicing and repairs since 2nd July, 1997 but was vandalised while waiting for action at the workshop. Items purportedly removed from the vehicle included its gear box, engine, the front and back axles.

not furnished by

The Permanent Secretary had been requested to recover the monetary value of the stolen items in the vehicle from the motor mechanic company and to furnish me the recovery particulars for audit verification. His reaction is being awaited.

The matter is under correspondence.

of Aviation was
the Ministry was
1998 indicted two
the case be charged
the two officers

COMMUNICATIONS

NIGERIAN POSTAL SERVICE

purchase the two
particulars for audit

11. A loss of fund through theft was reported of a sum of 4,200.00, belonging to the Nigerian Postal Service. The loss occurred as a result of rioting which broke out sometimes in 1998 during the inter-tribal crisis between the Ilajes and Ijaws living in riverine area of Ugbonla, Ondo State.

The rioters were alleged to have broken into the Post Office vandalising the doors, windows, and office safe and eventually removed from the office, various items such as date-stamp, postage stamps worth ₦3,000.00, and postal orders worth ₦1,200.00 all valued at a total cost of ₦4,200.00.

(T200), one (1)
(4) trays and a tea
mission, Abuja.

The Postmaster-General had already furnished my office with the completed Treasury Form 146 in respect of the loss and promised to furnish my office with further development on the loss in due course.

The matter is still under correspondence.

MINISTRY OF FINANCE
INLAND REVENUE SERVICE

12. A Peugeot 504 GR saloon car (air-conditioned) with registration number RB065FG, engine number 6107914 valued at ₦578,235.00, belonging to Federal Inland Revenue Service was reported snatched at gun point along Anthony bridge, off Ikorodu Expressway on the 26th November, 1997 after 9.00 p.m.

On the fateful day, two senior officers engaged the driver in some unofficial assignment after office hours (from 4.05 p.m. when they left the office to after 9.00 p.m. when the car was snatched).

The driver was detained and interrogated when he personally called at the Ilupeju Police Station to report the incident the following day. The police report dated 27th September, 1999 received on the stolen vehicle confirmed that the vehicle had not been seen and promised to convey further development to the Department.

The matter is under correspondence.

13. A Peugeot 504 GR/AC with registration number RB404FG, engine number 633082 and chassis number 34205 belonging to the Federal Inland Revenue Service was reported stolen at number 30 Okigbo Street, Surulere, Lagos at about 12.30 p.m. on Friday, 18th April, 1999:

The driver in his representation said that he parked the car in the place where his boss ordered him to put the car and he (boss) collected the key from him on the said Friday. On Monday morning when he called on his boss to take him to the office, he was informed by his boss that the car had been stolen from where it was parked by unknown persons on Sunday the previous day.

The case was reported to Bode Thomas Divisional Police Station, Surulere, Lagos. Effort by the Police to recover the car had not yielded any fruitful results.

The matter is under correspondence.

14. A Peugeot 504 saloon GR/AC with registration number RBO46FG, engine number 6108220, and chassis number 6108220, valued at ₦594,901.66 and property of Federal Inland Revenue Service was reported stolen at about 1.20 p.m. on 25th April, 1997 in front of Casino Cinema along Herbert Macaulay Street, Ebute-Metta, Lagos.

The driver was said to have taken his boss to the training venue at Ebute-Metta on the last day of a training programme. According to the report, the thief entered the car and drove it away when the driver went to the toilet to ease himself.

The incident was reported at the Adekunle Divisional Police Station, Yaba and up till the time of writing this report, nobody had been arrested in connection with the theft and the car could not be recovered. However, the driver had been removed from the service of the Federal Inland Revenue.

The matter is under correspondence.

15. A Peugeot 504 GR saloon car with registration number RB406FG, engine number 6133062 and chassis number D34161A, belonging to Federal Inland Revenue Service has been reported stolen on 1st July, 1999 at about 6.00 p.m. outside the premises of Queens College, Yaba.

After the interview was over, the boy got missing in the rowdy crowd. At that juncture, the driver claims that the wife of his boss requested him to join her in looking for the boy. By the time the missing boy was located and they came back to where the car was parked, it had been stolen.

The driver himself reported the incident to Sabo Police Station, Yaba. According to the Police report, efforts were made to recover the car but these have proved abortive. Police had declared the case closed but promised to re-open it whenever information is received about the vehicle.

The matter is under correspondence.

MINISTRY OF INFORMATION

16. A Peugeot 504 saloon car (Bestline) with registration number FG 228-A13, engine/chassis number and value not given, belonging to the Federal Ministry of Information, Abuja was reported lost through theft on 7th November, 1999 at Apo Quarters, Abuja.

The vehicle, attached to the Director of PIPD, was allegedly parked at the official residence of the Director while he was away on an official trip to Paris but found it stolen on his return from the journey. No police report had been received on the stolen vehicle and the matter had not been officially reported according to extant regulations.

The Permanent Secretary had been requested to comply with the provision of the Financial Regulations on the stolen vehicle and to furnish my office with evidence of action taken towards the erring officer. His reaction is being awaited.

JUDICIARY

FEDERAL COURT OF APPEAL, ABUJA.

17. A loss of fund through theft of the sum of ₦1,567,337.45 was reported from the Central Pay Office of the Federal Court of Appeal, Abuja in September, 1999.

Thieves were alleged to have broken into the office over the weekend, cut the security locks, damaged the doors and carted away various sums of money consisting of estacode allowances (₦966,835.00), unpaid staff claims (₦495,515.65) and staff personal advances (₦104,986.80) all totalling ₦1,567,337.45 from the safe.

The theft was said to have been reported to the police but the Police Report had not been received in my office at the time of compiling this Report in March 2001. Also, the report of the internal investigation panel set up to probe the incident had not yet been received in my Office. Moreover, the theft has not been formally reported by completing Treasury Form 146 in accordance with the Financial Regulations.

The Permanent Secretary has been informed of the above development and further requested to officially report the loss, but his response is yet to be received.

18. A cash shortage of ₦6,120.00 was reported at the Central Pay Office of the Federal Court of Appeal, Abuja during a physical cash survey conducted by the Resident Federal Auditors on the 18th September, 1999. The shortage represented the difference between cash held by the Cashier on the date of survey and the actual balance reflected in the Cash Book, which could not be made good by the Cashier. The case has not yet been formally reported in accordance with the provision of the Financial Regulations.

The Permanent Secretary has been requested to recover the money from the Cashier and to report the loss formally. His reply is being awaited.

NATIONAL ASSEMBLY

19. A Peugeot 505 A/C ST with registration number NASS 83, belonging to the National Assembly, Abuja was reported stolen.

The vehicle attached to the Chairman, Senate Committee on Internal Affairs, was said to have been stolen on 12th September, 1999 at the Chairman's official residence, Wuse II, Abuja, where it was parked over night. The value, engine and chassis numbers of the car have not been ascertained because the case has not been formally reported on Treasury Form 146 as required by the existing Financial Regulations. Though the case was said to have been reported to the police, yet police report had however not been received.

The Permanent Secretary/Clerk of the National Assembly has been requested to furnish my Office with the evidence of security measures taken to prevent future recurrence and towards recovery of the vehicle. His response is being awaited.

MINISTRY OF SCIENCE AND TECHNOLOGY

20: A loss of ₦51,000.00 through embezzlement was reported by the Federal Auditors attached to the Federal Ministry of Science and Technology during a routine check of the Ministry. The loss occurred when the Cashier during balancing of the Cash Book overstated the total payments made on the 11th March, 1999 in the Ministry's Recurrent Cash Book from ₦340,675.00 to ₦391,675.00 thus reducing the expected closing balance to be carried down on the receipt side of the Cash Book from ₦3,036,640.47 to ₦2,985,640.47 thus converting the difference of ₦51,000.00 involved to personal use.

The Permanent Secretary has been requested to recover the sum of ₦51,000.00 from the officer and to furnish me with the recovery particulars for audit verification. He was also requested to report the loss formally in accordance with the Financial Regulations and confirm the disciplinary action taken against the erring officer. His reaction is being awaited.

The matter is still under correspondence.

21. A theft of one IBM typewriter, the value of which is not yet known, occurred at the Personnel Management Department of the Federal Ministry of Science and Technology.

The theft occurred on 17th March, 1977, by unknown person(s) who broke in through the window to the DPM's office.

There was evidence of breakage or vandalization on the part of the room where the equipment was kept. The case has neither been reported to the Police nor had the relevant treasury form 146 been completed in accordance with the provisions of the Financial Regulations.

The Permanent Secretary had already set up a panel to investigate the missing typewriter and the panel had confirmed that the theft occurred through the breaking of the window of the office which had no burglary proof. The panel could not however determine the identity of the culprit.

Meanwhile, the Permanent Secretary had been requested to furnish my office with documentary evidence of any action taken to forestall future recurrence. His response is being

The theft was carried out on 20th April, 1997 by unknown person(s) who had easy access to the Office as there was said to be no evidence of breakage or vandalization of any part of the room where the equipment was kept. The machine had no inscription or engraving of the Ministry's name on it before it was stolen. The case has not been reported to either the Police or the Federal Government in adherence to the provisions of Chapter 34 of the Financial Regulations which require Accounting Officers to immediately, among other things, inform the necessary government departments of any loss as soon as it occurs.

Meanwhile, the Permanent Secretary has been requested to furnish my Office with documentary evidence of disciplinary action and security measures taken to prevent a future recurrence. His response is being awaited.

MINISTRY OF WORKS AND HOUSING

23. A Loss of fund through embezzlement was uncovered in September 1998 during a routine audit inspection carried out by the Resident Federal Auditors attached to the Ministry of Works and Housing. The loss was perpetrated by a Revenue Collector attached to the Lands Registry a unit of the Ministry, who failed to account for a total sum of ₦79,500.00 revenue collected by either recording the details in the relevant Cash Book or paying same to the Treasury in accordance with the Financial Regulations.

The Permanent Secretary had been requested to report the loss formally by completing Treasury Form 146 and to recover the total amount embezzled from the Revenue Collector quoting recovery particulars for audit verification. He was also requested to confirm the disciplinary action taken against the erring officer in respect of the loss. His reply is being awaited. The matter is under correspondence.

24. A loss of 39 no. reams of parchment papers, valued at ₦585,000.00 property of the Federal Ministry of Works and Housing in the Lithographic Store was reported by the Resident Federal Auditors. The loss occurred through theft by an officer of the Ministry between January 1997 and December 1997. The loss had not been reported in accordance with the Financial Regulations as at the time of writing this report.

The Permanent Secretary has been requested to formally report the loss and furnish my office with evidence of recovery of the stolen items or their monetary values from the officer.

It should also be necessary to know of any disciplinary action taken against the officer to prevent future recurrence. His reply is being awaited

25. A Peugeot 504 station wagon with registration no. FG487 A20 and engine/chassis no. 6089123 attached to the Land Registry—a division of Federal Ministry of Works and Housing was reported stolen on the 23rd August, 1997.

The car was said to have been stolen from the official residence of the Head of the Unit where it was parked. The Head of the Unit chose to park the official vehicle in his residence instead of in the Ministry's designated parking premises. Although the theft had been reported to the police, it has not been formally reported on the Treasury Form 146 in accordance with the provisions of the Financial Regulations.

The Permanent Secretary has been requested to report the loss officially and to inform me of any disciplinary action taken against the erring Head of Unit accordingly. The matter is still under correspondence.

26. A loss through burglary was reported on two office equipment: one manual typewriter

and one electric typewriter (value not stated) belonging to the Federal Ministry of Works and Housing.

The loss occurred at Mabushi Office of the Ministry in Abuja on the 8th July, 1997. An Assistant Security Officer and his younger brother were alleged to be the prime suspects. The case had not been formally reported in accordance with the Financial Regulations.

The Permanent Secretary has been requested to report the case officially, set up an investigation panel to examine the loss and to furnish my Office with the result of the investigation including any disciplinary action taken against the culprits in order to prevent future recurrence. His reaction is being awaited. The matter is still under correspondence.

27. A loss of motor vehicle spare parts valued at 898,000.00 property of the Federal Ministry of Works and Housing was reported by the Resident Federal Auditor. The loss which occurred through theft at the Ministry's Special Services Branch, Marine Beach, Apapa, Lagos between 7th and 9th August, 1998, had not been formally reported in accordance with the Financial Regulations and a Board of Enquiry is yet to be conveyed to investigate the loss. The Permanent Secretary has been requested to report the loss formally by completing Treasury Form 146 and furnish my Office with evidence of recovery, disciplinary action taken against the culprit(s) and steps taken to prevent future recurrence. His reaction is still being awaited. The matter is under correspondence.

III. MINISTRIES, OFFICES AND EXTRA-MINISTERIAL DEPARTMENTS

A. FINANCIAL AUDIT

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

28. During the audit examination of the accounts and other records and documents maintained at the Federal Ministry of Agriculture and Rural Development Headquarters, Abuja, the following observations were made:

(a) An officer was granted a personal advance of ₦75,000.00 on the 1st of March, 1999 to publicize the wedding ceremony of the Honourable Minister's daughter on the Nigeria Television Authority and some other media organisations. This expenditure could not be regarded as a legitimate charge against public funds and therefore should be recovered and the recovery particulars furnished to this office for verification.

(b) During the same inspection, another officer was granted a personal advance of ₦114,000.00 on the 18th March, 1999 to enable him fuel and service motor vehicles to be used during the wedding ceremony of the Honourable Minister's daughter in Kano. Yet another personal advance was issued to a different officer on the 30th March, 1999 for the same purpose that is, for servicing of the fleet of vehicles to be used at the same wedding ceremony held between 31st March, 1999 and 4th April, 1999. In the retirement voucher raised to clear the advance, it was alleged that 7 drivers were paid the sum of ₦21,000.00 instead of ₦33,000.00 which was earlier claimed as having been paid to 9 drivers in the earlier retirement documents. The conflicting information given to justify the expenditure appeared embarrassing. Moreover, the cost of fuelling vehicles through black market purchases was put at ₦180,200.00. This expenditure appeared questionable. From all intent and purposes, the total expenditure of ₦332,000.00 incurred on a private wedding arrangement constituted questionable charges against public funds and should therefore be fully recovered for audit verification.

Minister's wives meeting. This expenditure could not be regarded as a legitimate charge against public fund as it was obviously an entirely private affair. The money should be recovered and recovery particulars forwarded for audit verification.

(d) Items of stores valued at ₦3,447,509.33 allegedly procured by the Fisheries Department could not be traced into the relevant Store Ledger contrary to the provisions of the Financial Regulations. The items which included stationery items, electrical parts, metal and wooden doors, drums of paints, furniture, motor spare parts, plastic spural, building booklets, etc. were supposedly supplied to the store between June 1998 and December 1999 with Store Receipt Vouchers raised in support of payment but could not be traced into the Stores Ledger. The explanation of the Store Officer was that the items were procured for immediate use through personal advances or sometimes out-of-pocket expenses paid to officers. The Internal Audit Unit confirmed that the items were not physically seen by them before they were issued out. From all indications, it would appear that these items were not supplied at all in the first instance to the Department.

(e) At the Agricultural Science Department, valuable store items which included—Refrigerator, electronic Secretarial Set, IMB Electric Typewriter, Computer Note Books, Compaq Colour Display, Video Machines, Deep Freezer, Television Sets, Executive Settees and HP LesserJet 6, etc. all valued at ₦4,810,450.00 allegedly purchased and issued to the offices and residences of the Director, Assistant Director, Crop Research and Accountant (I) could not be traced. The store keeper who should have taken the items on store ledger charge before they were issued to various offices confirmed that he had no inventory list of the items as he was not allowed to visit the residence of the Director. No Inventory Boards were available for the items allocated to the offices.

The Permanent Secretary has been informed of these irregularities. He has been requested to investigate the non-availability of the valuable items and to recover the monetary values from the affected officers as follows—Director (₦4,574,950.00), Assistant Director Crop Research (₦171,500.00) and Accountant I (₦64,500.00). His reaction is still being awaited.

(f) A Personnel Officer was granted a salary advance of ₦9,132.00 in March, 1999 which was recoverable in three equal and consecutive instalments from his monthly salary as allowed by the Financial Regulations. However, it was observed that only the sum of ₦6,132.00 has so far been recovered from the officer at the time of audit inspection in July 2000, leaving a balance of 3,000.00 yet to be recovered. Another officer (a Principal Personnel Officer) was paid his annual leave grant of ₦9,903.60 twice in the month of May and November 1999.

The Permanent Secretary has been requested to recover all the outstanding money totalling ₦12,903.60 from the two affected officers and to furnish recovery particulars for audit verification.

(g) A former Director in the Planning, Research and Statistics Department of the Ministry who was later redeployed to the Presidency was alleged to have taken away with him three official vehicles allocated to him—a Peugeot 504 SR Saloon Car with Registration No. FG 006A0/3, Toyota Corona with Registration No. FG06AA0/3 and a Mazda Pick-up Van with Registration No. FG126/F03. These vehicles should be retrieved from him and produced for audit verification, as otherwise their monetary values should be recovered from the officer and recovery particulars furnished for audit verification.

(h) A Peugeot 504 Saloon Car with Registration No. FG20A0/3 and Chassis No. 3826990 which was attached to the Deputy Director, (Data Bank) was observed during audit inspection to have been grounded and taken to a private motor garage at Apo Mechanic Village for repairs

since 1998. When the audit team visited the garage for on-the-spot assessment of the vehicle it was observed that the vehicle had been completely cannibalised leaving only the engine block and the radiator. The relevant file for the vehicle was not produced for audit scrutiny. Consequently, no concrete information could be obtained on the vehicle.

The Permanent Secretary has been informed of this irregularity and requested to retrieve the vehicle from the private motor garage while the Transport Officer should be subjected to disciplinary action for negligence. His reaction is being awaited.

(i) On the 17th of August, 1998, a contractor was awarded a contract for the supply of a complete engine for Korando family at a cost of ₦900,000.00 with installation fee put at ₦50,000.00 and 5 per cent VAT for ₦47,500.00 all amounting to ₦997,500.00. The job order for this contract was issued on the 17th of August, 1998 for the supply of a complete engine to replace the Ministry's broken down vehicle with Registration No. FG/309/BO/3 Sang Younga Korando.

On the 17th December, 1998, the contractor submitted his Invoice and Delivery Note to confirm that the Engine had been delivered. The Delivery Note actually recorded that "the engine has been installed, tested and confirmed okay." Six months later, the then Director of Finance and Supply submitted a memorandum to the Permanent Secretary that the contractor was unable to supply a complete engine and therefore resorted to refurbish and overhaul the damaged engine at the same contract price of ₦997,500.00. Audit scrutiny of the documents attached to the payment voucher revealed that the damaged engine was refurbished and installed in the vehicle with only 7½ per cent reduction in the contract price i.e. ₦74,802.50.

The Permanent Secretary had been requested to explain the circumstances leading to the inability of the contractor to supply a complete engine as contained in the contract agreement or to request the contractor to refund a total sum of ₦922,687.50 irregularly paid to him following his deceptive note indicating that the engine has been installed, tested and confirmed okay before he was paid. His reaction is being expected.

(j) An officer was granted a personal advance of ₦144,000.00 in April 1999 to enable him purchase 10 bags of rice and 2 cows to be presented to the Permanent Secretary as donation towards the marriage ceremony of his son. Attached to the retirement payment voucher was an invoice dated 28th April, 1999 which put the purchase price of the 10 bags of rice at ₦3,000.00 each and the 2 cows at ₦57,000.00 each. In addition, a cash donation of ₦500,000.00 was made on behalf of the Honourable Minister, the Directors and entire staff of the Ministry. The total expenditure incurred on the ceremony amounted to ₦644,000.00 which should not be a legitimate charge against public funds.

The Permanent Secretary has been notified of the irregular expenditure which involved over-invoicing on the part of the officer who made the purchases and he has been requested to recover the amount involved quoting recovery particulars for audit verification.

(k) Another officer was granted a personal advance of ₦498,000.00 in March 1999 to enable him carry out repairs and servicing of air-conditioners installed in the office complex at Block A of the Ministry's building. Audit investigation revealed that no repair work was ever carried out as most of the air-conditioners were newly purchased and installed in the building. This fact was corroborated by officials of the Department when they were interviewed at the time of audit inspection. Consequently, the expenditure could be said to be irregular as payment was made

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amount involved from the officer. The recovery particulars should be furnished to this Office for verification. His reaction is being awaited.

29. During the examination of accounting records maintained at the Federal Ministry of Agriculture and Natural Resources, Bauchi, it was observed that 4 payment vouchers for amounts totalling ₦256,750.00 were raised and paid in favour of 2 officers between September 1998 and February 1999 as refunds of out-of-pocket expenses for renovation of office building and procurement of nursery input, polythene pots and trips of sand.

The renovation of the office building should have been better carried out by the Federal Ministry of Works instead of being done by a member of staff. Moreover, since the officers' sources of funds which warranted incurring such heavy expenditure were doubtful as they are on BO/3 Sang Young grade levels 09 and 10, it is difficult to accept the expenditure of ₦256,750.00 as a legitimate charge against public funds.

The attention of the Permanent Secretary has been drawn to this anomaly and his response is being awaited.

30. At the Federal Ministry of Agriculture and Natural Resources, Minna, the audit examination of the accounting records maintained showed that an amount of ₦650,000.00 was paid in December 1999 for the purchase of 1 (one) two bedroom apartment at Bosso Estate. At the time of purchase of this property, the landlord had no legal title to the property since he had not fully paid the cost of the building which he bought from the Federal Ministry of Works and Housing. It was, also, noted that no legal document was signed between the landlord and the Ministry before payment was made. The payment was, therefore, irregular and not in the best interest of the Federal Government.

This irregularity has been brought to the notice of the Permanent Secretary whose response is being awaited.

31. At the Federal Department of Agriculture, Field Office, Enugu, it was observed that 6 societies and 4 individuals in Enugu and Anambra States were still owing the Federal Government amounts totalling ₦53,511.55, being outstanding balances on payments for the tractors and other agricultural equipment purchased by them from the Federal Government since 1992.

The Permanent Secretary has been requested to urgently recover the outstanding debts, furnishing recovery particulars for my verification. His response is being awaited.

MINISTRY OF AVIATION

32. During the audit examination of the accounts and other records of the Federal Ministry of Aviation Headquarters, Abuja, the following observations were made:

(a) A difference of ₦87,702.18 was observed between the figures reflected in the monthly Transcript for the month of December 1999 and the Cash Book for the same month. These differences were said to have been recurring between the Transcripts and the Cash Book balances before the submission of the Transcript to the Office of the Accountant-General of the Federation since 1995.

The Permanent Secretary has been informed of this discrepancy and he has been requested to investigate the cause(s) of the differences and rectify the same accordingly. His reaction is being awaited.

(b) At the same inspection, it was discovered that the sum of 44,950.00 which was initially earmarked and approved for the purchase of office stationery items, was utilized for the installation

of telephone handsets in contravention of the Financial Regulation which stipulate the need to incur-expenditure and classify such expenditure strictly for the purpose for which the fund is provided. The matter has also been referred to the Permanent Secretary for his comment.

(c) Unclaimed salaries for amounts totalling ₦31,826.88 belonging to the staff of the Ministry who had left the Ministry for various reasons such as death, and retirement from service during the month of July 1999 and September 1999, were not returned to chest as stipulated by the Financial Regulations.

(d) Six cheques issued between May and September, 1999 for amounts totalling ₦180,353.12 which have become stale were still found with the Ministry as they were still being treated as un-presented cheques instead of being written back to the relevant Cash Book as required by the Financial Regulations.

(e) A sum of ₦631,260.00 was paid as refund of medical expenses and out-of-pocket expenses respectively to an officer on behalf of the Honourable Minister and his wife for eye tests and purchase of optical glasses from an ophthalmological company. The payment voucher was raised in the name of the officer who collected the money on their behalf though there was no vote of charge for the purchase of optical glasses in the Ministry's Vote for the year. Moreover, the medication was obtained from a private medical centre with no evidence of any reference from a Government authorised health institution or any formal approval for refund from the Federal Ministry of Health. The sum of ₦335,260.00 forming a part of the payment was actually deliberately wrongly classified to the sub-head on "aircraft refurbishing," and this amounted to misapplication of funds. The payment of the sum of ₦631,260.00 ostensibly attributed to eye treatment from public fund without any authority contravened the existing regulations. The amount should be recovered and relevant receipt particulars furnished for audit verification.

(f) Another sum of ₦200,000.00 was granted as personal advance from the medical vote to an officer to enable him pursue comprehensive test/treatment at a medical centre in Ikoyi, Lagos which is a private hospital. However, there was no approval from the Federal Ministry of Health for such treatment or any letter from any Government hospital referring him to this private hospital. This transaction appeared irregular as it contravened the provisions of the existing Public Service Rules. Furthermore, the same officer was granted the sum of ₦21,825.00 in May 1999 as refund of medical expenses without approved authority. The total amount of ₦221,845.00 paid without appropriate approval by government should be refunded and the recovery particulars forwarded for audit verification.

(g) Finally, the sum of ₦29,000.00 was again paid to an officer for medical treatment in a private hospital in contravention of the provision of the Public Service Rules which provide that "any officer who prefers to be treated by private medical practitioners instead of availing himself of Government medical facilities must himself initially bear all the expenses incurred for such treatment." This unauthorised payment should be recovered from the officer and the recovery particulars furnished for audit verification.

All the issues have been taken up with the Permanent Secretary whose reaction is being awaited.

METEOROLOGICAL DEPARTMENT

33. During the audit examination of the accounting records maintained at the Federal

stipulate the need to refund of out-of-pocket expenses incurred on printing of Treasury Forms and Meteorological Weather Forms. The irregularities in these payments are as follows :

- (i) It is unimaginable how an officer could spend such an amount from his pocket before seeking a refund.
- (ii) There was no authority from the Accountant-General of the Federation for the printing of the Treasury forms contrary to the provisions of the Financial Regulations.
- (iii) The expenditure was deliberately charged to the sub-head for Personnel Costs obviously because there was sufficient balance under that subhead at the end of the year to accommodate such expenditure, and also to prevent the funds from lapsing into revenue, in accordance with the Financial Regulations.

This irregularity has been brought to the attention of the Permanent Secretary whose response is being awaited.

MINISTRY OF COMMERCE

34. The audit examination of the accounts and other records maintained at the Federal Ministry of Commerce Headquarters, Abuja, revealed that :

(a) Amounts totalling ₦163,434,146.63 still remained unaccounted for when the Ministry transferred its accounts from the Central Bank to a commercial bank as a result of government directive. The balance to be carried forward on 8th April, 1999 was ₦454,460,189.80 as shown in the Cash Book. However, on 9th April, 1999 as per the Cash Book, only the sum of ₦291,026,043.17 was actually carried forward leaving a balance of ₦163,434,146.63 yet to be accounted for by the Ministry.

(b) The balance on the Recurrent Cash Book as at 31st March, 1999 was ₦114,032,156.01 which should have been transferred from the Ministry's account with the Central Bank of Nigeria (CBN) to its account maintained at a commercial bank, as against the sum of ₦111,535,042.56 transferred to the commercial bank resulting in the difference of ₦2,497,113.54 yet to be accounted for by the Ministry.

(c) A sum of ₦101,125,556.25 credited to the Recurrent Cash Book of the Ministry of 30th December, 1999 and reflected as "Credits in Bank not in Cash Book" could not be traced into the Central Bank of Nigeria (CBN) Statement of Account of Federal Ministry of Commerce for that period. The Permanent Secretary has been requested to explain the source of this amount of ₦101,125,556.25 already expended by the Ministry.

(d) Payment voucher for the remittance of the unspent balance of ₦11,837,100.31 on 31st December, 1999 to the Accountant-General of the Federation as claimed by the Ministry was not produced for audit examination. Further audit scrutiny revealed that the amount was neither reflected in the bank statement of the account of Federal Ministry of Commerce, nor was any cheque issued in support of the payment. Also, no acknowledgement receipt of the amount from the Accountant-General of the Federation was made available for audit inspection. The Permanent Secretary has been requested to confirm with authentic documents that the amount of ₦11,837,100.31 was actually paid back to revenue, as required by the Financial Regulation.

(e) Twenty-three (23) cheques were missing as they were not produced for audit inspection. The explanation that they were returned to the commercial bank was unacceptable as the provisions of the Financial Regulations stipulate that "when a cheque is spoiled, it must be cancelled, and affixed to the counterfoil and retained in the cheque book. The designated commercial banks shall be informed promptly in writing about the particulars of the cancelled or spoiled cheques"

The Permanent Secretary has been requested to investigate the loss of the 23 cheques, recover them from the designated commercial bank if they were returned to the bank, and inform me for audit verification.

(f) Stores items totalling ₦10,570.00 were removed from the Ministry's stores by the storekeeper between November 1998 and March 1999 by altering the already approved requisition forms and the original copies of the store issue vouchers (SIV). As a result, it was only the duplicate copies issued to the store recipients that bore the correct quantity of the items released from the stores, while the altered copies bore the inflated quantities for each of the items.

(g) Twenty-three (23) cheques for amounts totalling ₦185,657,144.42 were paid by the Federal Ministry of Commerce for various types of expenditure in respect of Hanover Trade Exhibition without being entered in the Cash Book, whereas the provisions of the Financial Regulations stipulate that "a Sub-Accounting Officer will enter promptly in the Cash Book all sums of money received by him or paid by him as a public officer, for whatever service, and every entry will be supported by a receipt or payment voucher on the prescribed form containing full particulars of the transaction". Further audit scrutiny revealed that these types of expenditure were charged to the account of the defunct Nigeria National Supply Company Ltd (NNSC) with a designated commercial bank. The account of the defunct NNSC Ltd was transferred from the Central Bank of Nigeria (CBN) to a designated Merchant bank as a result of the directive then from the Federal Government of Nigeria.

The Permanent Secretary has been requested to furnish me with the authority approving the expenditure of ₦185,657,144.42 meant for the defunct parastatal of the Ministry.

(h) At the Trade Mark Unit of the Federal Ministry of Commerce, Abuja, amounts totalling ₦32,000.00 were not entered into the Cash Book, and consequently they were not accounted for by payment to the treasury. Furthermore, the receipts were not from the genuine receipt book issued for use in the unit. They were therefore likely to be fake ones printed apparently to defraud the Federal Government of Nigeria.

The Permanent Secretary has been requested to investigate the matter, and recover the sum of ₦32,000.00 from the officer involved furnishing me with recovery particulars for audit inspection.

(i) Amounts totalling ₦20,509,687.47 were vired to various votes of expenditure without authority contrary to the provisions of the Financial Regulations which stipulate that "applications for virement should be submitted to the Ministry of Finance on General Form 5 with a copy to the Auditor-General."

(j) Similarly, amounts totalling ₦91,815,518.63 were lodged into an illegal vote called "15 per cent Capital Reserve" being operated by the Federal Ministry of Commerce without authority, whereas the provisions of the Financial Regulations stipulate that "any officer, however making, allowing or directing any disbursement without proper authority may be personally responsible for the amount." A balance of ₦13,502,568.85 still remained in this vote as at 31 December, 1999. Further audit scrutiny revealed that the total amount of ₦91,815,518.63 was the cumulative amounts made up of 15 per cent compulsory deductions from the approved capital allocations of the Ministry's parastatals during the 1999 financial year, before the Ministry could release the approved development funds to them.

The Permanent Secretary has been requested to furnish me with the authority for

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amount of ₦91,815,518.63 from the Ministry's capital votes and pay back to the various deprived parastatals to enable them to execute their approved budgeted projects.

All the issues have been taken up with the Permanent Secretary and his reaction is being awaited.

35. The audit examination of the accounts and other records maintained at the Federal Ministry of Commerce Headquarters, Abuja, revealed that :

(i) A contract sum of ₦4,861,720.00 was paid to a company for the execution of certain projects at the premises of the Ministry, whereas the projects were not satisfactorily completed by the company. Furthermore, the vital documents, such as, the bills of quantities, etc. were not attached to the voucher in support of the payment as required by the provisions of the Financial Regulations.

The Permanent Secretary has been requested to produce the bills of quantities for audit inspection, and confirm by authentic documents that the project is now completed, or alternatively recover the appropriate value of the outstanding project, furnishing the recovery particulars for audit inspection.

(ii) A sum of ₦500,000.00 was paid to the Military Assistant to the Honourable Minister in April 1999, as the refund of the amount donated by the Honourable Minister of the Ministry at the official opening of the 10th FIFA Football Championship (Nigeria 1999) without vital supporting documents, such as receipts, etc. attached to the voucher. As I cannot therefore satisfy myself that the payment involved was proper charge against public funds, the Permanent Secretary has been requested to produce the relevant vital documents for audit verification.

(iii) A sum of ₦750,000.00 was paid to the Nigerian Army Officers' Wives Association (NAOWA) Abuja on 25th January, 1999, as the Ministry's donation for launching of NAOWA magazine and NAOWA Model Nursery School, Abuja, without vital supporting documents, such as, receipts, invoices, etc. attached to the voucher. Furthermore, the sum of ₦750,000.00 was charged to the vote of the Export Processing Zone (EPZ), Kano, without authority instead of to the Ministry's Vote, whereas the provisions of the Financial Regulations stipulate that "expenditure will be classified strictly in accordance with the estimates and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote will be disallowed by the Accountant-General."

(iv) A sum of ₦300,000.00 was paid to a contractor in January 1999, for the settlement of a bill for the supply of one Toyota Previa GL vehicle to the OAU/AEC Trade and Tourism Fair in 1997 without vital supporting documents, such as, delivery note, invoice, store receipt voucher etc attached to the voucher as required by the provisions of the Financial Regulations. As I cannot therefore, satisfy myself that the payment involved was a proper charge against public funds, the Permanent Secretary has been requested to produce the relevant vital documents for audit verification.

(v) A contract sum of ₦1,500,000.00 was paid to a company in April 1999, for the settlement of a bill for the renovation of Block 'H' Old Federal Secretariat, Abuja. The Ministry failed to produce bills of quantities to show details of work done by the company. However, audit visit to the site revealed that no renovation work was executed on the stated block by the company. The Permanent Secretary has been requested to produce the documents to authenticate the expenditure of ₦1,500,000.00 as otherwise the amount should be recovered from the company involved, while furnishing the recovery particulars for audit verification. Besides, the officer who issued the completion certificate in support of the payment should be appropriately disciplined.

(vi) A contract sum of ₦1,350,000.00 was paid to a company in April 1999 for the settlement of the supply and installation of PABX equipment with 2 direct lines and 22 extensions to the Consumer Protection Council, whereas the contract was not awarded through competitive tender procedures as required by the Financial Regulations, but through the issuance of Local Purchase Order (LPO).

(vii) Refund of out-of-pocket expenses for amounts totalling ₦299,000.00 were paid to the Military Assistant to the Honourable Minister in April 1999, as refund of expenses incurred on the purchase of 3 No. 2 HP air-conditioners at ₦225,000.00, 1 No deep freezer at ₦42,000.00 and repair of two air-conditioners and two refrigerators for ₦32,000.00. The three air-conditioners and a deep freezer costing ₦267,000.00 were not taken on store ledger charge to confirm that they were actually purchased by the officer. Furthermore, all the items were not produced for audit inspection in spite of repeated demands for them. The Permanent Secretary has been requested to produce the three air-conditioners and one deep freezer for audit verification, or alternatively recover the sum of ₦267,000.00 from the Military Assistant involved furnishing recovery particulars for audit inspection.

(viii) Cash advance of ₦36,560.00 granted to an officer of the Ministry in April 1999, to enable her purchase daily newspapers for office use was not retired even at the time of audit inspection in December 1999, whereas the provisions of the Financial Regulations stipulate that "Accounting Officers are responsible for ensuring the prompt repayment by instalments or otherwise, of all advances approved."

(ix) Personal advance of ₦142,500.00 granted to an officer of the Ministry in March 1999 to enable him host the Inter-Ministerial Technical Committee Meeting on the establishment of NICOMEX was not retired even at the time of audit inspection, whereas the provisions of the Financial Regulations stipulate that "Accounting Officers are responsible for ensuring the prompt repayment by instalments or otherwise, of all advances approved."

(x) Amounts totalling ₦243,000.00 were paid to some officers of the Ministry in February 1999, for the local component of the estacode allowance of the Ministry's delegation on familiarization visit to Taiwan and Geneva, without showing the details of such payments, such as, names of the payees, amounts paid to each of the officers. Similarly, the sum of ₦75,000.00 paid for the procurement of entry visas had no vital documents, such as, receipts, etc. in support of the payments. As I cannot therefore, satisfy myself that the payments involved were proper charges against public funds, the Permanent Secretary has been requested to produce the relevant vital documents for audit verification.

(xi) Amounts totalling ₦172,000.00 were paid to the Military Assistant to the Honourable Minister in January, 1999 for the settlement of duty tour allowance of the Honourable Minister and his entourage from 21st to 25th January, 1999 without the details of the various amounts paid to the members of the Ministry or the names of such members attached to the voucher in support of the payment.

The Permanent Secretary has been requested to produce the relevant vital documents for audit inspection, or alternatively recover ₦172,000.00 from the officer involved, furnishing the recovery particulars for audit verification.

(xii) Refund of out-of-pocket expenses totalling ₦29,700.00 paid to an officer of the Ministry in February 1999 for the repairs of a generating set had no vital supporting documents, such as, receipts, etc. attached to the voucher. I therefore, find it difficult to accept such

1999 for the settlement of 22 extensions to the through competitive the issuance of Local

(xiii) Amounts totalling ₦850,000.00 were paid to the Military Assistant to the Honourable Minister in March 1999, to enable him arrange for the Honourable Minister's tour, without the details of expenditures attached to the vouchers, as required by the provisions of the Financial Regulations.

0.00 were paid to the expenses incurred or at ₦42,000.00 and free air-conditioner charge to confirm that are not produced for Secretary has been audit verification, or involved furnishing

The Permanent Secretary has been requested to produce the relevant vital documents for audit verification, or alternatively recover ₦850,000.00 from the Military officer involved, furnishing the recovery particulars for audit inspection.

(xiv) Personal advances totalling ₦600,000.00 granted to an officer of the Ministry in February 1999, to enable him purchase 250 copies of Abuja Yellow Pages was retired in March 1999, with fake receipts, and without the items being taken on store ledger charge.

The Permanent Secretary has been requested to produce 250 copies of the Abuja Yellow Pages for audit verification, or alternatively recover ₦600,000.00 from the officers involved, furnishing recovery particulars for audit inspection.

(xv) A personal advance totalling ₦286,000.00 granted to a staff of the Ministry in April 1999 to enable him purchase computer hardwares was retired in June 1999, without attaching the vital supporting documents, such as receipts, Store Receipts Vouchers (SRVs) etc. to the voucher.

As I cannot satisfy myself that the payment involved was a proper charge against public funds, the Permanent Secretary has been requested to produce the items for audit verification.

(xvi) Amounts totalling ₦193,000.00 were paid to 2 officers of the Ministry in February 1999, as outstanding balance for local component of estacode allowance incurred on official tour to Beijing, China, in December 1998, without vital supporting documents, such as, details of expenditure incurred, receipts, etc. attached to the vouchers. I therefore, find it difficult to accept the payment as proper charges against public funds.

(xvii) A sum of ₦27,000.00 was paid to a former Security Personnel to the former Permanent Secretary in February 1999, claimed to be an allowance from January 1998 to December 1998 without any authority in support of the payment.

The Permanent Secretary has been requested to comment or recover the sum of ₦27,000.00 from the officer involved, furnishing recovery particulars for audit verification.

(xviii) Six (6) payment vouchers for amounts totalling ₦1,367,053.65 were paid between February 1999 and April 1999 without vital supporting documents, such as, invoices, receipts, etc. attached to the vouchers. As I cannot satisfy myself that the payments involved were proper charges against public funds, the Permanent Secretary has been requested to produce the relevant documents for audit verification. Furthermore, an amount of ₦82,944.00 was incorrectly charged to the vote of Export Processing Zone (EPZ), Calabar, without authority, whereas the expenditure did not relate to it, but to Kaduna International Trade Fair.

(xix) Refund of out-of-pocket expenses for amounts totalling ₦225,000.00 were paid to 3 officers of the Ministry in March 1999 as the refund of expenses allegedly incurred while on official assignment to Port Harcourt, whereas air-ticket stubs totalling ₦75,600.00 incurred by the officers were not attached to the voucher. Furthermore, the officers were paid contingency allowance totalling ₦10,000.00 which they were not entitled to, and that should be refunded by them to the Ministry.

The Permanent Secretary has been requested to recover the sum of ₦10,000.00 from the officers involved and also produce the air-tickets involved for audit verification, or alternatively recover the sum of ₦75,600.00 from the 3 officers involved furnishing recovery particulars for audit verification.

(xx) An overpayment totalling ₦4,000.00 was made to a company in June 1999 as part of contract sum of ₦50,000.00 paid to the company for the supply of store items. The Permanent Secretary has been requested to recover ₦4,000.00 from the company involved, furnishing the recovery particulars for audit inspection.

(xxi) Amounts totalling ₦59,194.50 were paid to 6 domestic servants in the Honourable Minister's residence in June 1999, as overtime for the months of January 1999 and February 1999 at the rate of ₦4.36 per 2260 hours each whereas they were entitled to a maximum overtime of ₦2,354.40 for the two months at the rate of ₦4.36 per 90 hours each, as required by the extant Regulations. This resulted in an overpayment of ₦56,840.10. The Permanent Secretary has been requested to recover the sum of ₦56,840.10 from the 6 domestic servants involved, furnishing recovery particulars for audit inspection.

(xxii) A personal advance of ₦684,000.00 granted to a staff of the Ministry in May 1999 to enable her procure certain store items was retired in July 1999, without vital supporting documents, such as, invoices, receipts, Stores Receipt Vouchers (SRVs), etc., attached to the voucher. Furthermore, considering the amount involved, the store items might have been better procured through the award of contract after competitive tender procedures or through issuance of Local Purchase Order (LPO).

The Permanent Secretary has been requested to produce the store items and the SRVs for audit verification, or alternatively recover ₦684,000.00 from the staff involved, furnishing recovery particulars for audit inspection.

(xxiii) (i) Contract sum of ₦190,000.00 paid to a company in May 1999, for the supply of 200 Ansa toilet rolls at the rate of ₦95.00 each, appeared to be unduly inflated by an amount of ₦90,000.00 which should be refunded by the company, as further audit market survey report revealed that the supply price of Ansa toilet roll should be ₦50.00, made up of ₦30.00 for one Ansa toilet roll and a mark-up of ₦20.00.

(ii) Similarly, a contract sum of ₦250,000.00 paid to another company in March, 1999 for the supply of 2,500 Ansa toilet rolls at the rate of ₦100.00 each, was unduly inflated by an amount of ₦125,000.00 which should be refunded by the company according to audit market survey report.

The Permanent Secretary has been requested to recover ₦215,000.00 (₦90,000.00 + ₦125,000.00) from the 2 companies involved furnishing the recovery particulars for audit inspection.

(xxiv) Refund of out-of-pocket expenses for amounts totalling ₦120,000.00 were paid to the Military Assistant to the Honourable Minister in May 1999, without vital supporting documents, such as, bills, receipts, other details of expenditure, etc. attached to the vouchers.

The Permanent Secretary has been requested to produce the vital supporting documents involved, or alternatively to recover the sum of ₦120,000.00 from the military officer involved, furnishing the recovery particulars for audit verification.

(xxv) A sum of ₦2,950,000.00 was paid to a company in May 1999 for the supply of Peugeot 504 SR/AC Bestline to the Ministry without being processed through the award of contract after competitive tender procedures, thereby resulting in unduly inflated price by an amount of ₦450,000.00. According to the audit market survey report, ₦2,500,000.00 was the price of Peugeot 504 SR/AC Bestline. Furthermore, the vehicle was not produced physically for audit inspection in spite of repeated demands for it. The Permanent Secretary has been requested to recover the sum of ₦450,000.00 from the company involved, furnishing the recovery particulars for audit inspection.

May 1999, for the supply and carpeting of the Permanent Secretary's office, conference room, Secretary's office and passages, whereas the two quotations for the same project forming the basis for the two awards of contracts carried exactly the same specification which should be for only one contract award and not for two awards. However, audit visit to the site revealed that the space to be carpeted should be a maximum of 300M2. According to the audit market survey report, the type of rug/carpet used could comfortably be supplied at the contract sum of ₦1,200.00 per M2 with the underlay costs included. Thus, the contract sum for the project should not have been more than ₦360,000.00, resulting in an overpayment of ₦1,033,361.00 to be refunded by the contractors. The Permanent Secretary has been requested to recover the sum of ₦1,033,361.00 from the companies involved, furnishing me with recovery particulars for audit inspection.

(xxvii) Payments totalling ₦104,000.00 made to an officer of the Ministry in May 1999, to enable him provide refreshments during meetings were unduly inflated by an amount of ₦77,000.00. Furthermore, the receipts in support of the payments were duplicate copies instead of the original copies as required by the Financial Regulations. Audit verification at the same restaurant in Abuja from where the duplicate receipts were claimed to have been obtained revealed that the prices of a pack of snack and a plate of food for lunch were ₦200.00 and ₦750.00 respectively as against ₦1,300.00 and ₦3,000.00 shown in the duplicate receipts. Therefore, amount of ₦27,000.00 would have covered the costs of refreshments as against ₦104,000.00 paid to the officer, resulting in an overpayment of ₦77,000.00 to be refunded by him. The Permanent Secretary has been requested to recover the sum of ₦77,000.00 from the officer involved furnishing the recovery particulars for audit inspection.

All the issues have been brought to the attention of the Permanent Secretary and his reaction is being awaited.

36. At the Federal Ministry of Commerce and Tourism, Katsina, the audit examination of the accounting records maintained revealed that 3 payment vouchers for amounts totalling ₦147,000.00 raised between April and December 1997 and 2 payment vouchers for amounts totalling ₦95,000.00 raised between May and October 1998 were paid from Personnel Costs for the printing of Treasury Forms contrary to the provision of the Financial Regulations which stipulates that expenditure will be classified in accordance with the Estimates and Votes must be applied only to the purpose for which the money is provided. Besides, there was no authority sought from the Accountant-General of the Federation for the printing of the Treasury forms. Consequently, I cannot accept the expenditures as proper charges against public funds.

The anomaly has been brought to the attention of the Permanent Secretary whose comments are being awaited.

37. During the examination of accounting records maintained at the Federal Ministry of Commerce, Ilorin, it was observed that the Unit had over-expended its salary Vote by ₦262,065.24 after the payment of October 1998 salary. The November and December 1998 salaries could not be entertained by the Federal Pay Office because of its indebtedness which was however, settled at the Unit's Headquarters in Abuja. Further audit investigation revealed that an amount of ₦365,065.00 in cash was made available to the Unit by its headquarters in January 1999 but instead of paying the amount into the Federal Pay Office bank account at Ilorin, the Coordinator and his officer who brought the money from Abuja allegedly diverted it into their private pockets. The Coordinator and his officer have been placed on suspension since October 1999. At the time of writing this report, the Permanent Secretary was yet to furnish my office with the Police Report, the Treasury Form 146 and the latest development on the matter.

The issue is under correspondence.

38. The audit examination of the accounting records maintained at the Federal Ministry of Commerce, Owerri, revealed that a bank draft for ₦1,029,580.00 was issued to the unit on 4th January, 2000 from the Ministry's headquarters in Abuja, to offset the expenditure incurred by the Office under the Personnel cost vote in December 1999.

There was no Authority to-Incur-Expenditure to cover this fund released, hence the purpose of the fund and vote of charge could not be ascertained.

The following irregularities were observed from the transaction :

- (i) The draft was cashed by an officer at the unit who was named as the payee.
- (ii) Liabilities said to have been settled with this fund were 188 outstanding arrears of L.T. & T. amounting to ₦1,013,527.00 for the members of staff and spanning the period between 1994 and 1999.
- (iii) Documentation for the disbursement were made under the Personnel Cost Vote.
- (iv) Payment vouchers were raised and cash released to the affected members of staff without passing through the Federal Pay Officer.

Consequently, I cannot certify the expenditure as legitimate charges against public fund.

The attention of the Permanent Secretary has been drawn to these irregularities and his comments are being awaited.

39. At the Federal Ministry of Commerce, Abeokuta, Treasury Receipt Books (TB6), issued in respect of revenue amounting to ₦1,029,150.00, could not be produced for audit inspection. As a result, it was not possible to confirm that the revenue have been fully accounted for as required by Financial Regulations.

The matter has been brought to the attention of the Permanent Secretary whose reaction is being awaited.

MINISTRY OF COMMUNICATIONS

40. During the audit examination of the accounts and records of the Ministry of Communications Headquarters, Abuja, it was observed that :

(a) Three Federal Government vehicles were taken away by a retired Permanent Secretary who left the Ministry on retirement from service in December 1999. Two of the vehicles—a Peugeot saloon car with engine No. 3305823 and a Peugeot 504 station-wagon (Best Line) with registration No FG034-EDO5 and engine No. 6140130 purchased for ₦3,698,450.00 and ₦2,450,000.00 respectively belonged to the Ministry of Communications while the third vehicle a Nissan with registration No. FG02A and engine No. 196073 was brought from the Ministry of Agriculture where the Permanent Secretary had earlier served. The three vehicles valued at a total sum of ₦9,348,600.00 should be recovered immediately in the good condition under which they were taken away or their current replacement value recovered from the Permanent Secretary. The recovery particulars should be forwarded for audit verification. The issue is being pursued with the Permanent Secretary.

(b) Six Departments of the Ministry of Communications were paid ₦70,000.00 each for amounts totalling ₦420,000.00 to enable them fuel and maintain non-existing utility vehicles allocated to them. The payment was made through a single payment voucher raised on the 19th

The Permanent Secretary has been informed of the irregularity and has been requested to recover the money from the affected recipients and to quote recovery particulars for audit verification.

NIGERIAN POSTAL SERVICE

41. During the audit examination of the accounting records maintained at the Nigerian Postal Service Headquarters, Abuja for the period under review, the following observations were made

(a) Forty-four payment vouchers for amounts totalling ₦40,856,037.42 issued between January and June 1999 were not produced for audit inspection. I cannot therefore satisfy myself that the various payments were legitimate charges against public funds.

(b) Nine payment vouchers were raised in August 1999 for amounts totalling ₦1,070,000.00 for the supply of 255,000 units of lead seals by 8 (eight) contractors. The relevant Local Purchase Orders issued for these supply, were dated the same date and deliberately split into smaller bits to circumvent the Tenders Board procedures as stipulated by the Financial Regulations. The Postmaster-General had been requested to explain the reason for the violation of the existing rules.

(c) Two payment vouchers for amounts totalling ₦2,698,391.00 raised in favour of a travelling agent for the procurement of air-tickets were not supported by relevant supporting documents such as bills, invoices and original receipts contrary to the provisions of the Financial Regulations. The Postmaster-General had been requested to produce the original documents for audit verification, as otherwise the Travel Agent should refund the sum of ₦2,698,391.00 paid for the tickets. His reply is being awaited.

(d) A personal advance of ₦503,944.00 was paid to a Public Relations Manager for the procurement of a round trip ticket for a consultant from Universal Postal Union (UPU) on Expedited Mail Services track and trace computerisation. Further examination of the faxed letter from the consultant, quoted US\$1,000 as at 26th May, 1999 at ₦108.00 to a dollar—amounting to ₦108,000.00 as against ₦503,944.00 paid for the ticket. The excess payment of ₦395,944.00 paid for the ticket might not be accepted as legitimate charges against public fund. The excess payment of ₦395,944.00 should be recovered from the Public Relations Manager quoting recovery particulars for audit verification.

(e) Four payment vouchers for amounts totalling ₦19,305,221.28 paid to Nitel/Nipost Co-operative thrift credit society for various deductions from staff salaries between June and August 1999 were remitted more than two months after deductions contrary to the extant regulations.

(f) A payment voucher was raised on the 22nd November, 1999 for the sum of ₦40 million which was transferred from the Relocation Fund to Capital Account for the payment of Capital purchases as against payment for relocation of staff without evidence of approved virement of the fund. The Postmaster-General has been requested to comment on the irregular usage of relocation fund for other purposes without express authority. His reply is being awaited.

(g) A contractor was awarded a contract in November 1999 and paid the sum of ₦3,747,429.25 for the purpose of furnishing NIPOST Corporate Headquarters at Abuja. The payment was based on a valuation certificate dated 14th September, 1999. However, audit investigation into the location of the materials used for the furnishing which included 180 (1200m 2x 1200m) quality vertical blinds at ₦2,590,200.00 and 1096m² quality rugs at ₦2,285,160.00 proved abortive as the items were not taken on store ledger charge before they were issued out. There was also no evidence that the materials were even installed in any part

of the building. The Postmaster-General, NIPOST had been requested to comment on the matter and his reaction is being expected.

(h) In August 1999, a payment voucher was raised and paid for 8 million for the purpose of repaying a loan allegedly taken from NIPOST Pension Fund Account to finance the trip undertaken by the Honourable Minister of State for Communications to Beijing (China) for UP conference. An attempt made to verify the details of expenditure incurred on the congress proved abortive. The Postmaster-General had been requested to comment on the matter. His reply is being awaited.

(i) (i) Eight payment vouchers raised between 20th and 23rd December, 1999 for amounts totalling ₦2,950,888.50 were posted into the Cash Book twice. There were no reversal of entries made thereafter in the Cash Book and this resulted in the understatement of Cash Book balance at the end of the year. The attention of the Postmaster-General had been drawn to the anomalies and his reaction is being expected.

(ii) Similarly, 13 (thirteen) cheques issued between May 1999 and December 1999 for various amounts totalling ₦10,702,527.59 payable to 12 different organisations were shown in the Cash Book with different figures resulting in a difference of ₦4,159,282.40. The attention of the Postmaster-General has been drawn to the irregularities and was requested to reconcile the difference observed. His reaction is being awaited.

(iii) Eleven cheques for amounts totalling ₦9,995,602.50 paid to 8 organisations between August and 31st December, 1999 were not entered into the Cash Book during the relevant period as required by the Financial Regulations, thus overstating the financial position of NIPOST.

(iv) Two cheques, one dated 9th July, 1999 for ₦100,800.00 and the other dated 30th July, 1999 for ₦18.5 million with both totalling ₦18,600,800.00 were cancelled but the entries still remained intact in the Cash Book. The second cheque was issued to cover July salaries of staff in Lagos Annex. None of the entries had been reversed in the Cash Book thus making the entries **unreliable**. The Postmaster-General had been requested to ensure that postings in the Cash Book are closely monitored in order to show the true position of NIPOST account at all times. His comments are being awaited.

(j) When the Capital Account of NIPOST was first opened with a commercial bank, in March 1999, it had a credit balance of ₦42,730,592.90. Surprisingly, the amount on the cheque issued to the commercial bank which represented the closing balance with the Central Bank was for ₦41,991,085.86 resulting in a difference of ₦739,507.04 which is yet to be accounted for by NIPOST. The Postmaster-General had been requested to investigate the cause of the difference and his reply is being awaited.

All the issues raised herein had been taken up with the Postmaster-General and his comments are being awaited.

42. The audit examination of the accounts and other records maintained at the Nigerian Post Service Headquarters, Abuja, revealed that :

(a) The balances in the domiciliary accounts were £22,453.27 (pound sterling) (₦3591,097.4) and US \$835,727.35 (₦83,948,812.30) as at the time of audit in February 2000. However, it was

Furthermore, the Nigerian Postal Service failed to maintain properly the records of the Domiciliary account with the Central Bank of Nigeria (CBN) for easy accountability. For example, no independent payment advice (credit advice) was produced to identify the exact amounts paid into the account. There was no evidence in certain cases of the country making the payments or the particulars of accounts being settled by such payments. It was therefore not possible to independently verify and confirm the payments made into the domiciliary accounts and determine the position of each country's account with NIPOST inspite of the 6 months period for settlement of account allowed by the Universal Postal Union (UPU). Besides, as there were many reversals of credit entries in the Bank Statements of the account of NIPOST produced for audit, most of them could not be explained by the officer of NIPOST thereby making it difficult to confirm whether such accounting treatments were justified or not. Moreover, the present system of maintaining Cash Book for the domiciliary account should be reviewed by NIPOST. The officer responsible just copied out all the debits and credits from the Central Bank of Nigeria (CBN) statements of accounts of NIPOST Domiciliary account, without any independent source records to confirm and reconcile the figures in the Bank Statements. It was considered that owing to the importance of this account to NIPOST, that the management should devise appropriate means for cross-checking the information in the domiciliary Account either by compelling the Central Bank of Nigeria (CBN) to provide the required categories of information, or by sourcing such information directly from the Postal Administration making payments into the Domiciliary Account of NIPOST. The Postal Administration would be made to give more information whenever payments are being made into the Domiciliary Accounts and the advice of such payments should always be faxed to NIPOST as evidence of payment into the Account. It was observed too, that some approvals for disbursement of fund granted by the Federal Ministry of Finance could not be traced into the Domiciliary Account. It was difficult to comprehend why relevant approvals for funds were sought for and obtained from the Federal Ministry of Finance, but the consequential disbursements were never made by NIPOST, or they might have been expended and not accounted for in any of the accounting records maintained by NIPOST.

(b) Most of the different sections of the Central Stores had not updated their stores records. For example, posting of Stores Receipt Vouchers (SRVs) and Stores Issues Vouchers (SIVs) were in arrears, thus making it difficult to confirm and reconcile the balances of store items in the Tally Cards with the ledger balances. However, the physical audit survey of the stores ensure that surplus items discovered in the stores were duly taken on stores ledger charge.

(c) NIPOST maintained loose-leaf ledgers without the sheets being properly and serially numbered on receipt from the printer as required by the provisions of the Financial Regulations.

(d) (i) It was surprising some stores items that were reported burnt in the tools and materials section of the stores about 3 years ago, were still being reflected on stores records as still serviceable instead of writing them off the books.

(ii) The storage condition in some of the stores, especially uniform and bag stores, was not conducive to safeguard the items for future use. The stores were so dusty and dirty that even when the items therein were washed they might not be put to effective use again owing to their tattered condition, thereby resulting in loss of funds to the Federal Government of Nigeria. The Postmaster-General has been requested to provide appropriate storage facilities for the safety, proper care, and protection of all the store items.

(iii) Obsolete items, some of them have remained in the stores for over 8 years, were still featuring in the stores records as if they were still in good condition. Efforts should therefore be made to convene a Board of Survey on them so as to avoid further deterioration and wastage.

(e) Thirty-four types of workshop equipment worth millions of naira were found lying waste in the stores without being put into proper use. Some of these equipment have been in the stores for over 10 years and were left in the open space to rust away. The situation appeared worrisome considering the complaints over the years of inadequate working equipment for effective and efficient operation of the workshop. Now that the workshop has been slated for full commercialization, the contribution of these equipment to the revenue base of NIPOST could not be over-emphasised if only they were to be put into proper use.

(f) The internal control system in most of the stores were not adequate for effective achievement of proper checks and balances as one officer was made to carry out different aspects of the stores duties, contrary to the Financial Regulations.

(g) The Federal Government of Nigeria approved the sum of ₦250,000,000.00 and ₦70,000,000.00 in 1998 and 1999 respectively for the sole purpose of providing vehicles in order to improve mail transportation delivery system throughout the entire country. Out of the total amount of ₦320,000,000.00 approved for 1998 and 1999, only the sum of ₦222,500,000.00 was released to NIPOST for the 2 years. However, from the available records, the sum of ₦216,115,361.00 was utilised to purchase 88 motor vehicles of different makes. Further audit evaluation indicated that the money was neither economically nor judiciously utilised. It was found that the purchase of 12 Mazda B2200 Pick-up vans for the sum of ₦61,971,840.00 was ill-advised, not cost effective and also not in the best interest of NIPOST or Federal Government. The amount could have been better spent on the purchase of at least 27 Toyota Hiace Pick-up Vans (going by the contract price at the time) or 30 numbers 504 Peugeot Station Wagon vehicles or 24 Nos 504 Pick-up vehicles. This would have gone a long way in reducing the problem of in-adequate vehicles for mail movement and distribution and would have met the government expectation in releasing the money. Further investigation revealed that Mazda Model B2200 motor vehicle is not well suited for NIPOST operations and therefore did not justify the huge outlay because it appeared not rugged enough and moreover it consumed more fuel than the other types of vehicles in its category, i.e. (Toyota and Nissan). It usually developed shaft problems within a short space of time and the fact that the parts were not readily available in Nigeria further worsened the problems. It was evident therefore that the management did not conduct proper technical survey and efficiency feasibility before purchasing this make of motor vehicles. This lapse has resulted in an indirect loss of about ₦3 million by government, i.e. the value of some 12 vehicles. However, the purchase of 8 (fairly used) Toyota panel vans (*Toḱunbo*) was a sound decision as investigation in some territories revealed that the vehicle appeared rugged, reliable, easy to maintain, had its spare parts readily available and has low fuel consumption capacity. Management could have bought more of this type of vehicle along with new ones for the amount released in order to maximise the use of resources. There was no adequate value for the money expended as NIPOST could have used the amount available to purchase a larger number of vehicles which would have gone a long way in meeting the Federal Government's objective in releasing the money. NIPOST needed to streamline and standardise the types and makes of vehicles in its fleet possibly having two makes (Peugeot and Toyota) as they have proved reliable for the organisation's type of business over the years.

(h) Only one column of the parcel ledger maintained at the International Postal Account Unit was being utilised, that is only the bill accepted was left unposted to reduce the account of the country when payment was made. As a result, it was not possible to determine the position of each country's account. In addition, the bills were not prepared timely and sent for clearance to the Administrations. For example, in respect of U.S.A. and Great Britain, (the

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the time of audit in February 2000 despite the Universal Postal Union's (UPU) 6 months acceptance period. NIPOST, it was noted used, to get the bulk of its revenue from International Operations. However, the present system of accounting for these terminal dues does not show a true state of its affairs. During the examination of the Terminal Dues ledger, balances totalling ₦28,227,123.04 SDR (Special Drawing Rights) ₦3,796,706,120.76 were standing against many postal administrations. However, these balances could not be authenticated because when these countries settle their accounts through the domiciliary accounts, the payments could not be traced into the account of the countries making the payments because payment advices were either received late or not received at all. It was observed that in certain countries, entries into the terminal dues ledger were made from Billed Estimate which is the authentic revenue when the postal administration concerned had accepted it. The countries involved included Great Britain, Germany, Denmark, Canada, Switzerland, Japan, Saudi Arabia and China. There was the need for the officer-in-charge of terminal dues to work with the officer-in-charge of the domiciliary account to identify the countries that have settled their accounts for proper reconciliation.

(i) NIPOST was indebted to most of the airlines serving it to the tune of US \$792,987.89 (₦79,655,633.55). For example, the Scandinavian Airlines have not been paid the little amount it was being owed since 1993, and Swiss Air also had not been paid since 1994. Consequently, some of the airlines have stopped carrying mails for NIPOST while others are threatening to take similar action. This situation is very critical for the corporate image of NIPOST and Nigeria and the issue must be promptly addressed by management as it is affecting the smooth operation of the international mails delivery. Some entries in the ledgers were found to have been made in pencil contrary to extant Regulations. In addition, some amounts totalling SDR 38,934.00 (₦5,236,841.03) already paid to certain airlines were not reflected in the ledger to reduce NIPOST's indebtedness to them.

(j) The International Postal Account Unit of NIPOST should be fully computerised to make the accounting procedures more accurate, reliable, authentic and timely. The provision of fax and photo-copying machines would not only make communications with postal administration around the world faster and easier but also would remove the present bottleneck being created as a result of the dearth of timely information. A system must also be put in place whereby underlying records/documents for International operations like, CN 31, CN 37, CN 51, CN 52 CN 58, CN 61, CN 62, etc. are received on time from postal administrations world-wide and equally forwarded timely to them as the case may be. Billed Estimate when accepted must be duly recorded and where not accepted within the Universal Postal Union stipulated 6 months period, should be recorded as accepted bills which then could become revenue. A situation where a country's Billed Estimate is in arrears for over one year is grossly inimical to proper accountability.

The various issues raised have been taken up with the Postmaster-General and his reaction is being awaited.

43. During the audit examination of the accounting records maintained at the NIPOST, Oyo Territory, Ibadan, the following observations were made :

(a) Arrears of Revenue totalling ₦16,061,137.75 arising from outstanding debts owed by subscribers of Post Office Boxes and Private Mail Bags in Oyo Territory as at 31st December, 1999, were yet to be collected.

(b) The Territory was allocated a total amount of ₦8,192,147.91 in 1999 whereas a total amount of ₦11,791,484.94 was expended, resulting in an over expenditure of ₦3,599,337.03.

(c) Thirty-three cheques amounting to ₦157,568.48 issued between May and December 1999 had become stale and had not been written back to the Cash Book, as required by the provisions of the Financial Regulations.

The irregularities have been brought to the attention of the Postmaster-General and his response is being awaited.

44. At the Ikirun Post Office, it was observed that Arrears of Revenue of ₦167,093.50 and ₦12,075.00 arising from outstanding debts owed by subscribers of Post Office Boxes and Private Mail Bags respectively were yet to be collected as at the time of audit in June 1999. Some of the debts dated back to 1993.

The Postmaster-General has been requested to recover these long standing debts and furnish me with recovery particulars. His response is being awaited.

45. The audit verification of revenue and expenditure at the Nigeria Postal Service Headquarters, Abeokuta showed that cash remittances totalling ₦160,000.00 were made to the Postmaster-General in August and December 1999 from the Key Deposit Account while unclaimed wages totalling ₦124,839.61 were remitted to the Deputy Postmaster-General in June 1999. However, there were no records of receipt of these remittances at the Headquarters, Abuja.

The Postmaster-General has been requested to investigate the non-receipt of the remittances and his comments are being awaited.

46. At the General Post Office, Airport Road, Benin City, Arrears of revenue of ₦13,728,700.00 and ₦2,492,280.00 from outstanding debts owed by subscribers from rental of Post Office-Boxes and Private Mail Bags respectively were yet to be collected in respect of the fiscal years 1998 and 1999.

The Postmaster-General has been requested to intensify efforts to recover the outstanding revenue from the defaulting subscribers and henceforth ensure prompt collection of revenue when due. His comments are being awaited.

47. At the General Post Office, Oyo, it was observed that Arrears of Revenue totalling ₦527,872.50 and ₦79,980.00 arising from outstanding debts owed by customers from rentals of Post Office Boxes and Private Mail Bags respectively were yet to be collected as at the time of audit inspection in July 1999. Some of these debts dated back to 1991.

The Postmaster-General has been requested to make concerted efforts at recovering these outstanding debts. His response is being awaited.

48. The audit examination of the accounting records maintained at the Nigeria Postal Services, State Headquarters, Yola, revealed that :

(a) Amounts totalling ₦85,000.00 were yet to be recovered as at the time of audit in October 1999, in respect of Salary, Rent and Correspondence advances granted to 19 members of staff between February 1998 and August 1999, contrary to the provisions of the Financial Regulations.

(b) The mandatory 10 per cent withholding tax was not deducted from the rent of ₦488,895.00 paid to the landlord of the office accommodation. The total amount of ₦48,889.50 should be recovered from the landlord and remitted to the relevant tax authority.

49. The examination of accounting records maintained at the Nigerian Postal Service, Lokoja Territorial Headquarters, Kogi State revealed the following irregularities:

(i) Arrears of Revenue totalling ₦746,040.00 and arising from outstanding debts owed by subscribers from rental of Post Office Boxes and Private Mail Bags respectively were yet to be collected as at the time of inspection in July 1999.

(ii) Fifty-nine Payment vouchers for amounts totalling ₦555,534.38 paid between August 1998 and December 1998 were not produced for my inspection. Consequently, I cannot satisfy myself that expenditures on them were legitimate charges against public fund.

(iii) Salary advances totalling ₦45,150.00 granted to 16 officers between August 1993 and June 1999 were still outstanding as at the time of audit inspection in July 1999 contrary to the provisions of the Financial Regulations.

(iv) Touring advances totalling ₦351,168.00 granted to 23 officers between January 1998 and June 1999 were still outstanding at the time of audit inspection in July 1999.

(v) Also, rent advances totalling ₦20,017.74 granted to 13 officers between August 1998 and July 1999 were still outstanding as at the time of audit inspection.

(vi) Amounts totalling ₦338,953.32 described as "Credits in Bank not in CashBook" had been reflected in the Bank Reconciliation Statement as at 30th April, 1999. These possibly represented money paid into the account of NIPOST but which did not pass through the Cash Book. The items should have been investigated and cleared.

All the issues have been taken up with the Postmaster-General and his comments are being awaited.

50. The examination of accounting records maintained at the NIPOST Training School Headquarters, Egor, Benin City, revealed that:

(a) There were no stores records to authenticate the receipt of stationery items worth ₦249,742.50 ordered for on a Local Purchase Order dated 13th April, 1999. Besides, the address of the contractor was discovered to be fake. In this vein, it is difficult to accept the expenditure as a legitimate charge against public funds.

(b) Amounts totalling ₦16,105.04 described as "Debits in Bank not in Cash Book" featured in the Bank Reconciliation Statement as at 31st December, 1999. These possibly represented wrong debits into the School's bank account, which should have been investigated and cleared.

The issues have been taken up with the Postmaster-General and his reaction is being awaited.

51. An examination of the accounting records kept at the Nigeria Postal Service, Abia Territory, Umuahia, revealed that:

(a) Bank Reconciliation Statements have not been prepared for several years for the bank accounts being operated contrary to the provisions of the Financial Regulations. It is therefore difficult to ascertain the true periodic balances of the accounts. This serious infraction of extant regulations should be explained as it could lead to sharp practices.

(b) Two Personal advances totalling ₦75,000.00 were granted to an officer in January and June 1999 for the reconstruction of "Green Belt" fence and painting of car park at the General Post Office, Aba. On investigation it was revealed that the jobs were not executed whereas

payments had been effected. As I cannot satisfy myself that the payments were legitimate, the Postmaster-General has been requested to recover the amount of ₦75,000.00 and furnish record with the recovery particulars.

(c) Rent and Salary Advances totalling ₦863,148.48 granted to 56 officers between April 1995 and December 1999 were still outstanding as at the time of audit inspection in February 2000 contrary to the provisions of the Financial Regulations.

(d) Touring advances totalling ₦148,200.00 granted to 25 officers between February and December 1998 were still outstanding at the time of inspection. 6 of the affected officers were granted additional touring advances varying from one to three without retiring the previous ones contrary to the provisions of the Financial Regulations which stipulates prompt retirement of touring advances upon completion of the tours undertaken and that no advances shall not be granted when previous ones are still outstanding.

(e) One hundred and one personal advances totalling ₦814,359.50 granted to 37 officers between January 1998 and November 1999 had not been retired at the time of audit. 9 officers got additional advances varying from one to 22 without retiring the previous ones contrary to the provisions of the Financial Regulations.

(f) The Revenue Cash Book balance in 1999 stood at ₦27,020,174.26 whereas the Financial Accounts balance stood at ₦26,561,002.32, resulting in a difference of ₦459,171.94. The two balances should be reconciled.

(g) An embezzlement of postage stamps worth ₦7,625,000.00 was reported in 1998 at the Post Office Service Supplies, NIPOST, Aba.

It was reported that the act was perpetrated by the Chief Supervisor (Stock), who cleverly removed the postage stamps and replaced them with plain sheets of paper.

The Postmaster-General has been requested to furnish me with a duly completed Treasury Form 146, and evidence of disciplinary action taken against the culprit.

These irregularities have been brought to the attention of the Postmaster-General whose reaction is being awaited.

52. The examination of accounting records maintained at the Nigerian Postal Service Headquarters, Port Harcourt, revealed that :

(a) A sum of ₦219,770.29 being the total of Value Added Tax collected between April and October 1999 was yet to be remitted to the appropriate tax authority as at November 1999 in accordance with extant regulations.

(b) Arrears of revenue totalling ₦318,458.01 arising from outstanding rents owed for the fiscal years 1996-2000 by the tenants occupying office spaces in the building were yet to be collected as at the time of audit inspection.

The attention of the Postmaster-General had been drawn to these irregularities and his comments are being awaited.

53. At the Ilesha Post Office, arrears of revenue totalling ₦1,190,940.00 arising from outstanding debts owed by subscribers of Post Office Boxes and Private Mail Bags respectively were yet to be collected. Some of these debts dated back to 1991.

The Postmaster-General has been requested to recover the outstanding debts from the defaulters and henceforth ensure prompt collection of revenue when due. His response is being awaited.

54. At the Nigeria Postal Services, Abia Territory, Umuahia, the audit of the accounting records maintained revealed that the mandatory 10 per cent withholding tax totalling ₦66,000.00 was not deducted from the amounts of ₦500,000.00 and ₦160,000.00 paid to the landlords of the office and residential accommodations of the Officer-in-charge. Also, 5 per cent Value Added Tax (VAT) of ₦33,000.00 was not deducted and if it were deducted at all, was not remitted to the appropriate tax authority in accordance with the provisions of extant tax regulations. The Nigeria Postal Service has been requested to recover the outstanding taxes amounting to ₦99,000.00 and furnish evidence of remittance to relevant Tax Authorities for audit verification.

The issue has been communicated to the Postmaster-General and his response is being awaited.

MINISTRY OF CULTURE AND TOURISM

55. The audit examination of the accounts and other records maintained at the Federal Ministry of Culture and Tourism Headquarters, Abuja, revealed that :

(a) Withholding tax totalling ₦883,365.00 was not deducted from payment of ₦17,667,300.00 made to a Kaduna-based motor company for the purchase of 8 Nos 504 Peugeot motor vehicles by the Ministry in December 1999. This resulted in a loss of revenue to the Federal Government of Nigeria. Efforts should be made to recover the amount from the company concerned.

(b) Value Added Tax totalling ₦1,222,338.50 deducted by the Ministry from contractors and suppliers was not remitted to the Federal Inland Revenue Service, contrary to the extant circulars and regulations. Urgent steps should be taken to get the amount remitted accordingly.

(c) Personal and cash advances totalling ₦9,196,263.60 granted to 8 members of staff of the Ministry between September 1999 and December 1999 to enable them execute certain projects or render some services had not been retired even at the time of the audit inspection in October 2000, whereas the Financial Regulations stipulate that "it is the duty of the Accounting Officer to ensure that the whole amount of any advance is fully recovered at the due date." The Permanent Secretary has been requested to recover the outstanding advances from the members of staff involved, furnishing me with recovery particulars for audit verification.

All the issues have been brought to the attention of the Permanent Secretary and his reaction is being awaited.

56. During the audit examination of the accounts and other records maintained by the Federal Ministry of Culture and Tourism, Abuja for the year under review, the following irregularities were observed :

(a) The Ministry when newly created was granted an initial take-off amount of ₦50,000,000.00 to meet the cost of purchasing equipment, furniture, etc., and for refurbishing of an official apartment located at Area One, Garki, Abuja. This amount was not lodged in any bank of the Ministry. Surprisingly, it was rather lodged in the bank account of the Nigerian Tourism Development Corporation in July 1999, which is a parastatal of the Ministry to facilitate disbursement of funds.

(b) Personal advances were granted to two officers of the Ministry for amounts of ₦421,000.00 and ₦670,548.00 respectively with both totalling ₦1,091,548.00 for the purchase of office equipment such as a safe, fire proof cabinets, etc., and for renovation/location of a new office. Also personal advances were granted to two officials of the Nigerian Tourism Development Company for amounts of ₦935,500.00 and ₦10,000.00 respectively, with both totalling ₦945,500.00 for the purchase of other sets of office equipment, house equipment for

the Honourable Minister and for the purchase of a Cash Book. In summary, all the personal advances which altogether totalled ₦2,037,048.00 had not been retired even at the time of the audit inspection in December 2000, contrary to the provisions of the Financial Regulations.

(c) All purchases of stores items, works and services were undertaken by four limited liability companies who were paid the sums of ₦310,500.00; ₦159,000.00, ₦489,000.00, and ₦565,776.00 respectively with all totalling ₦1,524,276.00 in August 1999. There were no evidences of signed contract agreements or letters of award between these companies and the Ministry. The various equipment purportedly acquired were neither seen physically nor produced for audit inspection. The stores and equipment acquired by the Ministry should have been done either by competitive tender procedures or through issuance of local purchase orders as provided for by the Financial Regulations.

All the issues have been taken up with the Permanent Secretary and his reaction is being awaited.

MINISTRY OF DEFENCE

57. (a) During the audit examination of payment vouchers raised at the Defence Headquarters (DHQ), Ministry of Defence, Abuja for the period July 1999 to December 1999, it was observed that 4 payment vouchers for amounts totalling ₦1,379,020.50 were not adequately supported with the necessary documents such as Receipts, Invoices, Bills, Stores Receipt Vouchers, Stores Issue Vouchers, Estimates, Quotations, Job completion Certificates, etc., as required by the Financial Regulations.

(b) Furthermore, 6 payment vouchers for amounts totalling ₦1,000,000.00 were not presented for audit inspection. It is therefore, difficult to accept expenditures on them as proper charges against public funds.

(c) It was also observed that the sum of ₦12,244,176.00 was spent on purchasing Peugeot cars through the means of direct purchase contrary to the provisions of Financial Regulations which stipulate that such purchases should be made by contract. Payments were made on payment vouchers respectively dated 13th July, 1999 and 1st August, 1999. The necessary documents such as Receipts, Invoices, Bills, Quotations, Stores Receipt Vouchers, Delivery Notes, etc., were not attached to the payment vouchers. Besides, the cars were not recorded in the motor vehicle register and as such their locations were not known. Other details such as the chassis and engine numbers as well as registration numbers were also not given.

(d) The examination of the motor vehicles returns maintained at the Motor Transport yard of Defence Headquarters, Lagos, revealed that 1 Tata Truck (Troops Carrier) painted in Navy blue colour but with no registration, chassis and engine numbers not provided, was not included in the vehicle returns. The motor vehicle was said to belong to the former Head of State. The fact that this vehicle is being parked at the Motor Transport Yard since 1998 calls for investigation to ascertain the rightful owner especially, as there was no record produced to attest to its ownership.

These issues have been taken up with the Permanent Secretary whose reply is being awaited.

NIGERIAN ARMY

58. (a) At the Nigerian Army Medical Corps and School, Bonny Camp, Victoria Island, Lagos, it was observed that 9 payment vouchers for amounts totalling ₦1,022,000.00 raised

ary, all the person receipts, Invoices, Stores Receipt Vouchers, Stores Issue Vouchers, Estimates/Quotations, ven at the time of delivery Notes, etc., as required by the provisions of the Financial Regulations. ncial Regulations.

four limited liability (h) Furthermore, 11 payment vouchers for amounts totalling ₦1,477,890.00 paid at the 00, and ₦565,776.00 Nigerian Army Electrical, Mechanical, Engineers and School, (NAEMES), Bonny Camp, Victoria land, Lagos were also not supported with the vital documents as required by the provisions of e evidences of sign the Financial Regulations. It is therefore, difficult to accept such expenditures as legitimate the Ministry. Th charges against public funds. e produced for aud

ve been done eith (c) Two contracts were unilaterally awarded to the same contractor at a total contract sum of ders as provided ₦15,000,000.00 without going through the competitive tendering procedures as required by the provisions of the Financial Regulations. These two contracts were for the construction of students is reaction is bein hostel and dinning hall at the Training School of the Nigerian Army Electrical, Mechanical Engineers and School (NAEMES), Auchi. Besides, the certified true copies of the contract documents were not provided for my audit as required by the provisions of the Financial Regulations.

d at the Defenc These inadequacies have been communicated to the Permanent Secretary whose comments ember 1999, it were still being expected. ere not adequate

ls, Stores Recei 59. (a) During the audit examination of payment vouchers raised at the Nigerian Army Medical Corps and School, Bonny Camp, Victoria Island, Lagos, for the period under review, it was ertificates, etc., a observed that 4 payment vouchers for amounts totalling ₦488,000.00 were not adequately supported with vital documents such as Receipts, Estimates/Quotations, Delivery Notes, etc., as 0,000.00 were nrequired by the Financial Regulations. on them as prop

urchasing Peugeot (b) Similarly, at the Nigerian Army Signals and School, Arakan Barracks, Apapa, 3 payment vouchers for various amounts totalling ₦191,300.00 were also not adequately supported with ncial Regulation required acquittance.

were made on It is therefore, difficult to accept expenditures involved as legitimate charges against public funds. The issues have been taken up with the Permanent Secretary whose reaction is being 0. The necessar awaited. ouchers, Deliver

ot recorded in the 60. During the examination of accounting records maintained at 1 Mechanised Division Headquarters, Civilian Unit, Nigerian Army, Kaduna, the following observations were noted :

1. (a) Twenty-five payment vouchers for amounts totalling ₦549,056.00 were raised and paid in or Transport yar April, and December 1999 for the supply of stationery items. At the time of audit in January painted in Navy 2000, however, the stationery items procured could not be accounted for as there were no stores not included in the receipt and issue vouchers to this effect. The sum of ₦549,056.00 should therefore be ate. The fact the recovered from the officers responsible for the procurement. investigation t

to its ownership (b) Seven contracts awarded between March and December 1999 for the supply of various e reply is being office equipment were found to be ridiculously inflated. The market survey of the prices of the items procured indicated that the actual market prices plus 40 per cent profit margin should have been ₦456,750.00 instead of ₦832,912.00 which was the value at which the contracts were awarded resulting in over-invoicing of ₦376,162.00, which should be recovered from the contractors.

Victoria Island (c) A total amount of ₦190,824.00 was paid to 3 officers between March and December 1999 00.00 raised an as refund of out-of-pocket expenses incurred in the photocopying of documents. The details of documents such a the documents said to have been photocopied could not be produced for my verification. Consequently, I cannot accept the payments as proper charges against public fund.

The anomalies have been brought to the attention of the Permanent Secretary whose response is being awaited.

61. During the examination of accounting records maintained at the Command Second School, Kaduna, it was observed that :

(a) A deficit of ₦130,128.08 was discovered in respect of the school fees collected between 12th April and 31st May, 1999 when the Revenue Register was compared with the bank teller's book to ascertain the amount actually lodged in the bank.

(b) Amounts totalling ₦454,520.00 representing revenue claimed to have been lodged through bank tellers, to the Central Bank, Kaduna Account of the school between 5th October 1998 and February 1999 were not traceable to the relevant bank statements of the same period. The total amount of ₦454,520.00 should be accounted for.

(c) Amounts totalling ₦79,968.88 were not deducted as mandatory 5 per cent withholding tax and 5 per cent Value Added Tax from payments made to 9 contractors between 3rd February and 28th May, 1999 contrary to the Federal Inland Revenue Service Guidelines.

(d) Two Payment Vouchers of 23rd October, 1998 for ₦2,000,000.00 and of 11th December 1998 for ₦737,865.00 paid to the Nigerian Army Education Corps and School for the supply of books and uniforms respectively, had no vital supporting documents such as invoices, bills and receipts attached to them contrary to the provisions of the Financial Regulations. Therefore find it difficult to accept such payments as legitimate charges against public funds.

(e) Nine Payment vouchers for amounts totalling ₦332,810.00 were paid between 18th September, 1998 and 28th April, 1999 to procure various store items. However, the store items purportedly purchased were not taken on ledger charge and could not be produced for inspection. Consequently, I cannot accept the payments as proper charges against public funds.

The attention of the Permanent Secretary has been drawn to these irregularities and his comments are being awaited.

62. During the audit examination of the payment vouchers raised at the Command Finance Office (Nigerian Army), Apapa, Lagos, for the period under review, the following shortcomings were noted :

(a) One hundred and thirteen payment vouchers raised between March and December 1999 for amounts totalling ₦504,131,079.66 were not produced for audit inspection. It is therefore difficult to accept the expenditures involved as proper charges against public funds.

(b) Furthermore, some copies of Army Forms AB57 and 5,000 copies of Form 106 were claimed to have been printed at a total cost of ₦220,000.00 in May 1999. Seven (7) months after the transaction, however, the forms were yet to be taken on store ledger charge as they were apparently not received. The Warrant Officer who received the money should account for it.

(c) An amount of ₦161,200.00 was paid on 24th November, 1998 for the restoration of Direct Telephone Line at Apapa without the vital supporting documents such as telephone bills and receipts for items purchased, etc. It was also observed that no telephone line was restored. The amount involved is to be recovered from the officer concerned.

These issues had been taken up with the Permanent Secretary whose comments are still awaited.

63. The audit examination of payment vouchers raised at the Nigerian Army, 1st Mechanised Division Headquarters, Kaduna, for the period under review, revealed that 2 payment vouchers raised on 27th August, 1999 for ₦950,000.00 each were said to be final payments in favour of 2 (two) contractors based in Zaria and Kaduna for the construction of a church including toilets at Ribadu Cantonment, Kaduna. These vouchers were only supported with the same Authority directing release of ₦950,000.00 to each of the two contractors and payment certificate No. 2 of 19th August, 1999 issued, based on a valuation carried out on 10th August, 1999.

This payment certificate No.2 revealed that these contractors were awarded contracts on the same project title for ₦5,000,000.00 each, which means that the total contract sum involved was ₦10,000,000.00. However, the minutes of the Ministerial Tender Boards meeting at which the awards were considered and approved as well as the contract agreement, were not made available for my scrutiny. The payment Certificate No. 2 confirmed that the sum of ₦3,800,000.00 had previously been certified and paid leaving a retention fee of ₦250,000.00 in respect of each of the contracts. Furthermore, the mandatory Withholding Tax of ₦47,000.00 was not deducted from the final payments of ₦950,000.00 each.

Besides the 2 payment vouchers on which a sum of ₦3,800,000.00 was earlier paid to each of the contractors were not produced for audit.

The inadequacies have been taken up with the Permanent Secretary and his comments are being awaited.

64. (a) During the audit examination of payment vouchers raised at the Nigerian Army Medical Corps and School Headquarters, Lagos for the period under review, it was observed that 2 payment vouchers for amounts totalling ₦459,500.00 paid to Medical Corps Training School, Ojo and Nigerian Army School of Nursing, Yaba were not supported with the relevant documents such as minutes of Tenders Board Meeting, Contract Agreements, Bills, Invoices, Receipts, Stores Receipt Vouchers, etc., as required by the Financial Regulations.

(b) Similarly, at the 1st Mechanised Division, Headquarters, Kaduna, 16 payment vouchers for amounts totalling ₦4,612,210.84 were not adequately supported with relevant documents as reported above. It is therefore, difficult to accept expenditures on such payment vouchers as legitimate charges against public funds.

These issues have been taken up with the Permanent Secretary whose comments are being awaited.

65. At the Nigerian Army Engineers and School, Headquarters, Lagos, the audit examination of payment vouchers raised for the period under review, revealed that ₦22,275,336.20 released to the 41 Division Engineers, Kaduna, for the construction of a Multi-purpose Command Guest House at Kaduna and another release of ₦13,000,000.00 to the Director of Army Works for the construction of a cemetery at Ojo Cantonment, Lagos were not supported with the vital documents such as Proposals, Estimates, Bill of Quantities, Tenders Board Minutes, Contract Agreements, etc, as required by the Financial Regulations. It is therefore, difficult to accept such disbursements as legitimate charges against public funds.

The matter has been reported to the Permanent Secretary whose response is being expected.

66. During the audit examination of the payment vouchers raised and paid at the Nigerian Army Education Corps and School, Ann Barracks, Yaba, Lagos during the period under review, it

was observed that the sum of ₦40,252,897.57 was incurred for various services and purchases such as CSS ration allowances for ₦35,380,530.91, NAEC training (3rd quarter allocation) ₦4,205,700.00; purchase of books for ₦166,666.66, and printing of Nigerian Army Information books from a commercial press at Somolu, Lagos, for ₦500,000.00. All these types of expenditure were not supported by relevant invoices, bills, debit notes and receipts contrary to the provision of the Financial Regulations.

The Permanent Secretary, Ministry of Defence had been requested to produce these documents for audit verification. His reaction is being expected.

67. During the audit examination of the payment vouchers raised and paid at the Nigerian Army Base Hospital, Yaba, it was observed that a total sum of ₦2,027,215.00 was incurred for various services and purchases such as direct purchase of carpets and curtains for ₦100,000.00, drug purchased through Drug Revolving Scheme for Ecomog patients for ₦100,000.00, feeding of hospital patients for two months (September and October 1999) for ₦1,827,215.00. These services and purchases for which five payment vouchers were raised should have been procured through the award of contracts after competitive tender procedures or through issuance of Local Purchase Orders for which appropriate invoices, and receipts should have been issued to support the payment.

The issues have been taken up with the Permanent Secretary and his reaction is being awaited.

NIGERIAN NAVY

68. During the examination of accounting records maintained at the Nigeria Naval School, Rivers State, it was observed that:

(i) 9 payment vouchers for amounts totalling ₦2,492,300.00 were paid to 5 officers between March 1998 and June 1999 for various supplies and contracts without passing through the tendering process as required by the Financial Regulations. Moreover, necessary documents like Stores Receipt and issue vouchers as well as minutes of the Tenders Board that awarded the contracts were not attached to the vouchers.

(ii) An amount of ₦152,000.00 was paid in June 1999 to an officer for the procurement of mattresses for trainees. However, another sum of ₦216,000.00 was paid in the same month of June 1999 to another officer. It was observed that this second payment included the amount of the first payment, resulting in an overpayment of ₦152,000.00. This amount should have been recovered from the officer involved or the authorising officer.

The attention of the Permanent Secretary has been drawn to these irregularities and comments are being awaited.

NIGERIAN AIR FORCE

69. During the examination of accounting records maintained at the Nigerian Air Force, Flying Training School, Kano, it was observed that Withholding Tax and Value Added Tax totalling ₦465,791.10 were not deducted from the payments made to 25 contractors in accordance with extant regulations.

The Permanent Secretary has been requested to effect these recoveries and remit to the relevant tax authority and inform me accordingly. His response is being awaited.

vealed that the Commandants of the girls and boys schools inflated contracts for the purchase of school beds by ₦444,000.00.

The Permanent Secretary, Federal Ministry of Defence has been requested to recover the amount from the officers and his reaction is being awaited.

71. During the audit examination of the payment vouchers raised at the Pay and Accounting Group, Ikeja, for the period under review, it was observed that :

(a) A sum total of ₦8,000,000.00 was paid on 12th May, 1999 as fund for the second quarter allocation to cover training courses. The money was to be shared among 4 units namely : TTG Kaduna, GTC, 301 KDA and 303 FTS Kano at ₦2,000,000.00 each. The vital supporting documents such as details of the training expenses and evidence of receipt by each unit concerned, lists of course participants, etc. were not attached to the payment voucher contrary to the provisions of Financial Regulations

(b) Ten payment vouchers for amounts totalling ₦1,684,809.79 were paid between February and August 1999 to execute certain projects and render some services such as purchase of aviation fuel, medical expenses, purchase of drugs, drinks and snacks, etc., for the sum of ₦1,344,500.00, and staff salaries for ₦340,505.79. All these purchases and services were not accompanied with supporting documents such as Receipts/Invoices, Bills, Store Receipt Vouchers, and receipted payrolls for payment of salaries made to staff contrary to the provisions of the Financial Regulations.

(c) (i) Two payment vouchers for amounts totalling ₦1,134,800.00 were raised and paid in January and November 1999. The first voucher was issued to an officer to enable him furnish mini-gymnasium at A/House Abuja for ₦254,800.00, while the other voucher was paid to another officer for the construction of roads and maps. However, the two payments were not supported with authentic documents to confirm that the disbursements were made for the purpose for which the funds were allocated.

(ii) Furthermore, another voucher was raised in April 1999 for payment of Duty Tour Allowances to various officers for amounts totalling ₦1,500,000.00. However, names of the officers and amounts paid to each of them were not attached to the payment voucher. It is therefore difficult to accept such payment as legitimate charges against public funds.

(d) (i) A total sum of ₦7,543,000.00 was paid on 16th April, 1999 for the purchase of L-39 jets with smoke canisters. However, the payment voucher was not supported with the vital documents such as Receipts, Invoices, LPO, etc., as required by the provisions of the Financial Regulations. It is therefore, difficult to accept such payments as legitimate charges against public funds.

(ii) Similarly, a total sum of ₦1,009,001.68 was paid to 3 officers of the units for maintenance services at headquarters CEMD Shasha in the month of December 1999. A close scrutiny of the payment vouchers and the supporting documents revealed that the details and types of maintenance services carried out on the communication equipment, the Base and the vehicles were not stated and documents, indicating the details were not attached to the payment vouchers. This is against the provisions of extant rules and Financial Regulations which require full details of all types of expenditure.

All the issues have been taken up with the Permanent Secretary and his reaction is being awaited.

72. During the audit examination of the payment vouchers at the UCA NAF 31, Yola, for the period under review, it was observed that eight (8) payment vouchers for amounts totalling

₦48,000.00 raised and paid at the Unit between November and December 1999 were not produced for audit inspection. As a result, I could not confirm that the payments made are proper charges against public funds.

The Permanent Secretary, Ministry of Defence has been requested to produce the vouchers for audit verification. His reply is being awaited.

DIRECTORATE OF MILITARY PENSIONS

73. During the audit examination of the accounts and other records maintained by the Directorate of Military Pensions in the year under review, the following irregularities were observed:

1.0. Directorate of Military Pensions, Ikoyi, Lagos

(a) Unclaimed pensions for various amounts totalling ₦30,484,476.65 were discovered from the pension payrolls purportedly returned to the Directorate of Military Pensions in Lagos by twenty (20) States of the Federation. However, there was no evidence to confirm that these unclaimed pensions were actually paid back to DMP in Lagos by the affected States Pension Boards. Moreover, the returns of unclaimed pensions rendered by the States could not be reconciled with the actual unclaimed pension as compiled from pension payrolls. Consequently, it was difficult to ascertain the true picture of the unclaimed pensions from each of the affected States.

(b) Forty-five payment vouchers raised by the DMP, Lagos between May and December 1995 for amounts totalling ₦3,695,078.85 were not produced for audit examination. As it was difficult to certify the expenditure on such vouchers as legitimate charges against public funds, the Permanent Secretary has been requested to produce the vouchers for audit examination.

(c) One treasury receipt was issued to cover unclaimed pensions for the month of February 1998 and for the period May to December 1999 for amounts totalling ₦3,840,640 instead of individual treasury receipts contrary to the provisions of the Financial Regulations.

(d) Unclaimed pensions register was not maintained by the Directorate to record and monitor the disposal of unclaimed pensions.

(e) Unclaimed pensions which were later paid out were simply deleted from the list of the relevant payment voucher has been processed and there was no evidence of the claimants' signatures to acknowledge receipts of such pension.

2.0. Taraba State Pension Board Office

(a) During the month of June 1999 and December 1999 the total remittances made by the Directorate of Military Pension in Lagos to Taraba State Pension Office amounted to ₦37,571,405.03, but only remittances totalling ₦5,914,894.63 could be verified against bank statements for the same months. The balance of ₦31,656,510.40 could not be verified because the respective bank advices were not produced for audit inspection in April 2000.

(b) Refunds allegedly made by the State Pension Board of unpaid pensions to the DMP in Lagos totalling ₦731,961.19 were yet to be verified as there were no Treasury Receipts issued by the DMP to confirm the receipt of such refunds.

(c) Unclaimed pensions totalling ₦32,805.58 were not supported by relevant treasury receipt vouchers and no register was in use to ascertain the total unclaimed pensions at the station.

4.0. Bauchi State Pension Office

(a) Unclaimed pensions for the period between June and December 1999, for amounts totalling ₦66,771.74 were found in the monthly returns rendered to DMP in Lagos. Some of these unclaimed pensions were later paid without the support of original copies of individual treasury receipts attached to the payment vouchers. This could lead to double payment if care was not taken.

(b) Unclaimed pension register was not maintained by the Office hence the actual pensions which remained unpaid as at 31st December, 1999 could not be ascertained.

4.0. Kwara State Pension Board Office

Unclaimed pensions for the period June to October 1999 totalling ₦869,824.87 were not paid back to the pension bank account as no teller or treasury receipt were produced to support such lodgements. Also details of unclaimed pensions for November and December 1999 could not be determined.

5.0. Ekiti State Pension Board Office

(a) A total sum of ₦6,313,169.45 which represented pensions paid to various military pensioners between June and December 1999 were paid using the payrolls printed privately by the State Pension Board in contravention of the regulations issued by the Directorate of Military Pensions in Lagos which prohibited the printing of payrolls by all States Pension Board Offices with effect from June 1999. Consequently, such payments being irregular and unauthorised could not be regarded as a legitimate charge against public funds.

(b) Replacement cheques on arrears of harmonization of pensions issued to 43 military pensioners by the State Pensions Board in July 1999 for amounts totalling ₦1,118,962.33 were found to be unclaimed during the audit inspection in February 2000 and having become stale should have been written back to the relevant Cash Book.

(c) Unclaimed pensions were not being returned by the State Pension Board Treasury Cash Officers. Instead, cheques relating to such unclaimed pensions were being kept in trust for the retirees until they showed up sometimes several months after initial payment. This procedure is a contravention of the existing regulations which require unclaimed pensions to be paid back to chest after seven days. Non-compliance with this regulation could be exploited, for irregular purposes.

(d) Furthermore, it was revealed that the flow of release of funds meant for payment of pensions from the statutory account to the State Pension Boards and finally to the Treasury Cash Offices were not specified. For example, in January 1999, the sum of ₦12,000,000.00 was released from the State Accountant-General's account to the State Pension Board on a single cheque drawn in favour of military and civilian pensioners. The State Pension Board in turn also raised one cheque to cover both military and civilian pensioners to each Treasury Cash Officer, since the same Treasury Cash Officer was being used for both military and civilian pensioners. The Directorate of Military pension has been advised to open separate accounting books and records such as Cash Books, Vote Books, Payment Vouchers, etc., for payment to both military and civilian pensioners since fund for the two come from different sources for proper accountability.

6.0. Ogun State Pension Board Office

(a) Unclaimed pensions for amounts totalling ₦19,937,942.54 for the period June to December 1999 were recorded in the relevant register while those unclaimed for the period between January and May 1999 were omitted from the register.

(b) A single treasury receipt was being issued for several unclaimed pensions in a month. Some of the unclaimed pensions were subsequently paid to the owners using photocopies of composite treasury receipts as supporting documents contrary to the provisions of extant regulations which stipulate that individual treasury receipts should be issued and attached to unclaimed pension payment vouchers when such pensions are to be subsequently paid to the affected pensioners.

(c) A total sum of ₦1,631,441.04 being part of the unclaimed pensions for the period June to August 1999 allegedly returned to the DMP Office in Lagos were not supported by relevant treasury receipts to confirm the receipt of such unclaimed pensions.

7.0. Gombe State Pension Board Office

(a) It was observed at the Billiri Treasury Cash Office that a total sum of ₦248,714.95 was allegedly paid to the bank on behalf of 533 military pensioners in October 1999. But no bank schedule was attached to confirm that such money was deposited in the bank and bank account numbers of the individual pensioners were not quoted against the relevant payroll.

Besides, unclaimed pension register was not being maintained at the station in order to monitor the unclaimed pensions.

(b) Treasury receipts were not being issued to support unclaimed pensions paid to cheques contrary to the extant regulations which stipulate that individual treasury receipts should be attached to payment vouchers when subsequently paid to the pensioners.

(c) The name of a retired Army Colonel was allegedly put in the payroll during the months of October, November, December 1999 and January 2000 for amounts totalling ₦165,051.00 at the rate of ₦41,262.75 per month. An audit enquiry as to whether or not the cheques issued for the wrong payments were returned to the DMP in Lagos, 4 (four) bank drafts were produced for the sum of ₦165,051.00 but no treasury receipt was produced to confirm that the bank drafts were acknowledged by DMP in Lagos.

8.0. Osun State Pension Board Office

(a) The sum of ₦2,997,713.26 was allegedly released in error by DMP Lagos to Osun State Pension Board Office, to cover the payment of pensions for the months of July 1999 to December 1999. However, the treasury receipt produced to support the receipt of the money refunded to DMP in Lagos covered only the sum of ₦1,423,874.34 leaving a balance of ₦1,573,838.92 still unaccounted for by Osun State Pension Board Office.

(b) Unclaimed pensions for the months of June to December 1999 for ₦416,125.82 said to have been returned to DMP in Lagos as shown in the relevant returns could not be traced at DMP, Lagos.

(c) Also, unclaimed pension register was not maintained at the station and so unclaimed pensions for the period of June to December 1999 could not be ascertained.

9.0. Kogi State Pension Board Office

Details of unclaimed pensions were not being forwarded to the DMP in Lagos monthly. Also unclaimed pension for the period between June and December 1999 for an amount of ₦237,519.40 was supported by a single treasury receipt for several unclaimed pensioners contrary to the Financial Regulations.

10.0. Oyo State Pension Board Office

Computer Service Unit instead of by the Directorate Headquarters in Lagos. In June 1999, 62 military pensioners were paid the sum of ₦143,434.71 through the unauthorized payrolls which were neither endorsed, and approved nor checked by the Pension Board before payment. As it was difficult to certify the expenditure incurred on such payrolls as legitimate charges against public funds, the Permanent Secretary had been requested to comment on the apparent irregularity.

(b) Ninety-four military pensioners from various Treasury Cash Offices were allegedly paid a total sum of ₦223,174.48 with individual cheques issued in December 1999. Incidentally these payments were neither signed for by the various pensioners nor payments made through their individual banks and no bank schedules were attached to the payments. As it was difficult to certify the expenditure incurred as legitimate charges against public funds, the Permanent Secretary has been requested to comment on the irregularity or justify the legality of the expenditure incurred.

(c) Unclaimed pensions were not being paid back to pensions account as there was no evidence of treasury receipt or bank tellers enclosed in the relevant file for returns rendered to DMP, Lagos. Unclaimed pension register was also not maintained at the station to record and monitor the disposal of unclaimed pensions.

(d) Various cheques on unclaimed harmonized pensions for a total sum of ₦8,092,543.63 due to 187 pensioners were observed to have become stale for over a year at the time of audit inspection and had not been written back in the Cash Book.

(e) The Nominal roll of military pensioners which are normally reviewed twice in a year was observed to have been reviewed last in December 1998. Also, life certificates for each pensioner for the year under review had not been submitted to the DMP in Lagos.

11.0. Edo State Pension Board Office

(a) Unclaimed pensions for the months of June to September 1999 for amounts totalling ₦3,082,786.69 were not entered in the relevant Unclaimed Pension Register as none had been opened for that purpose at the station.

(b) Cash payment was made to all military pensioners in the State irrespective of their ranks, contrary to the existing regulations. This method could be open to abuse if not checked or stopped.

The Permanent Secretary had been advised to ensure that all pensioners are paid through their individual banks in accordance with the laid down rules and regulations. All the issues have been taken up with the Permanent Secretary and his reaction is being awaited.

OFFICE OF DEFENCE ADVISER—CAIRO

74. During the audit examination of the accounts and other records maintained at the Embassy of Nigeria, Cairo (Egypt) for the training of 20 Nigerian Army Pilots in Egypt between 24th September, 1998 and 30th November, 1999, it was observed that the Liaison Officer in charge of the training programme collected a sum of US\$672,750.00 (i.e. ₦70,638,750.00) cash from the Embassy's Finance Attache for the purpose the details of which were not disclosed in the first instance. However, the statement of expenditure submitted to the Ministry of Defence by the said Liaison Officer at the end of the training programme, showed that out of the sum of US\$672,750.00 (i.e. ₦70,638,750.00) collected by the Liaison Officer, only US\$271,224.00 (₦28,478,520.00) was duly accounted for, thus, leaving a balance of US\$401,526.00 (₦42,160,230.00) yet to be accounted for.

Out of this balance of \$401,526.00 (~~₦~~42,160,230.00), the Liaison Officer however, has refunded a sum of US\$243,762.00 (~~₦~~25,595,010.00) through 4 separate bank transfers to the Ministry of Defence account in Cairo, leaving a sum of US\$157,764.00 or (~~₦~~16,665,220.00) (at ~~₦~~1 to \$1) to be recovered from the Liaison Officer.

The matter has been taken up with the Permanent Secretary, requesting him to recover the balance of US\$157,764.00 or ~~₦~~16,665,220.00 from the officer and furnish the recovery particulars for audit verification. His reply is being awaited.

MINISTRY OF EDUCATION

75. The audit examination of the accounts and other records maintained at the Federal Ministry of Education Headquarters, Abuja, revealed that :

(a) Six Hundred and Nine (609) Payment Vouchers for amounts totalling ~~₦~~101,732,036.7 paid under the Recurrent Expenditure Cash Book and 101 Payment Vouchers for amounts totalling ~~₦~~105,358,081.59 paid under Capital expenditure Cash Book between January and December 1999 were not produced for audit inspection. As I cannot therefore satisfy myself that the payments involved were proper charges against public funds, the Permanent Secretary has been requested to produce the vouchers for audit examination.

(b) Personal advances for amounts totalling ~~₦~~124,602,747.19 granted to 175 members of staff of Federal Ministry of Education between February and December 1999 to enable them execute certain projects or render some services were not retired even at the time of audit inspection in May 2000. Twenty (20) of them were granted additional advances without the previous ones being retired. One of the officers was granted 33 advances with all totalling ~~₦~~31,423,846.0 contrary to the provisions of the Financial Regulations which stipulate that "Accounting Officers are responsible for ensuring the prompt repayment by instalments or otherwise of all the advances approved.

(c) A personal advance of ~~₦~~2,100,000.00 was granted to an officer of the Ministry in March 1999 to enable him organise preparatory classes for Combined Promotion and Advancement Examination for junior members of staff on Grade Levels 02-04 who were attending the Combined Confirmation/Promotion Examination. It was confirmed that the training programmes were not organised in the Ministry. Incidentally, the officer has failed to retire the advance even at the time of the audit inspection in May 2000. The Permanent Secretary has been requested to recover the sum of ~~₦~~2,100,000.00 from the officer involved, furnishing me with recovery particulars for audit verification.

(d) Similarly, a personal advance of ~~₦~~210,000.00 was granted to an officer of the Ministry in August 1999 to enable him purchase 300 bags of maize for sale and distribution to the members of staff of the Ministry at the rate of ~~₦~~700.00 per bag of maize. Surprisingly, the proceeds from the sale of the maize had not been paid to chest. The Permanent Secretary has been requested to recover the sum of ~~₦~~210,000.00 from the officer involved, furnishing me with recovery particulars for audit verification.

76. A contract sum of ~~₦~~5,289,600.00 was paid to a firm in December 1999 for the supply of instructional materials on Physics, Chemistry, Integrated Sciences, Health Science and Biology to 100 Unity Colleges. Further audit scrutiny revealed that the items were not taken on store ledger charge. Furthermore, store receipt vouchers (SRVs) and Store Issue Vouchers (SIVs) were not issued to confirm the supply and distribution of the materials. The Permanent Secretary has been requested

Out of this balance of \$401,526.00 (N42,160,230.00), the Liaison Officer however, refunded a sum of US\$243,762.00 (N25,595,010.00) through 4 separate bank transfers to Ministry of Defence account in Cairo, leaving a sum of US\$157,764.00 or (N16,665,220.00) (at N1 to \$1) to be recovered from the Liaison Officer.

The matter has been taken up with the Permanent Secretary, requesting him to recover balance of US\$157,764.00 (or N16,665,220.00) from the officer and furnish the recovery particulars for audit verification. His reply is being awaited.

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(c) A personal advance of N2,100,000.00 was granted to an officer of the Ministry in March 1999 to enable him organise preparatory classes for Combined Promotion and Advancement Examination for junior members of staff on Grade Levels 02-04 who were attending the Combined Confirmation/Promotion Examination. It was confirmed that the training programme were not organised in the Ministry. Incidentally, the officer has failed to retire the advance even at the time of the audit inspection in May 2000. The Permanent Secretary has been requested to recover the sum of N2,100,000.00 from the officer involved, furnishing me with recovery particulars for audit verification.

(d) Similarly, a personal advance of N210,000.00 was granted to an officer of the Ministry in August 1999 to enable him purchase 300 bags of maize for sale and distribution to the members of staff of the Ministry at the rate of N700.00 per bag of maize. Surprisingly, the proceeds from the sale of the maize had not been paid to chest. The Permanent Secretary has been requested to recover the sum of N210,000.00 from the officer involved, furnishing me with recovery particulars for audit verification.

76. A contract sum of N5,289,600.00 was paid to a firm in December 1999 for the supply of instructional materials on Physics, Chemistry, Integrated Sciences, Health Science and Biology to 6 Unity Colleges. Further audit scrutiny revealed that the items were not taken on store ledger charge. Furthermore, store receipt vouchers (SRVs) and Store Issue Vouchers (SIVs) were not issued to confirm the supply and distribution of the materials. The Permanent Secretary has been requested to produce the items for audit inspection, and furnish me with recovery particulars for audit verification.

77. An amount of N2,295,000.00 paid to a company in December 1999 for the supply of 27 H.P National air-conditioners at the rate of N85,000.00 for one National air-conditioner appeared to be highly inflated when compared with independent market survey report conducted in Abuja on the 9th March, 2000. The report revealed that the price of one National air-conditioner with mark and tax was N58,000.00, as against the contract price of N85,000.00 resulting in overpayment of N29,000.00 in respect of the 27 National air-conditioners. The Permanent Secretary has been requested to investigate and recover the overpayment of N729,000.00 from the officers involved, furnishing me with the recovery particulars for audit verification.

78. A sum of N2,329,600.00 was paid to the Secretary-General of NATCOM-UNESCO in December 1999 for furnishing of the transit camp made up of 6 flats of 3 bedrooms each. Out of this sum, an amount of N600,000.00 was expended for the purchase of settees. A market survey report revealed that the price of a settee was N60,000.00 as against the contract price of N100,000.00 resulting in a difference of N40,000.00. Therefore, there appeared to be a total overpayment of N240,000.00. Furthermore, all the settees were in deplorable condition within five months of purchase. The Permanent Secretary has been requested to investigate this matter, and possibly recover N240,000.00 from the officer involved, furnishing me with recovery particulars for audit verification.

79. (i) Amounts totalling N259,118,541.82 described as "Debits in Cash Book not in Bank" had accumulated between November and December 1999. These possibly represented government money supposed to have been banked but which did not find its way thereto. They should have been investigated and cleared.

(ii) Amounts totalling N18,534,862.24 described as "Credits in Bank not in Cash Book" had appeared in the Bank Reconciliation as at 31st December, 1999. These possibly represented amounts received at the bank on behalf of the Ministry but which were not entered into the Cash Book. They should have been investigated and cleared.

(iii) Amounts totalling N42,068,827.57 described as "Debits in Bank not in Cash Book" had accumulated between 2nd November, 1999 and 31st December, 1999 possibly representing illegal debits into the Ministry's bank accounts which should have been investigated and cleared.

(iv) Thirty-one (31) cheques for amounts totalling N1,737,437.59 issued between 3rd May, 1999 and 24th June, 1999 had become stale and should have been written back to the Cash Book as required by the Financial Regulations but were still reflected as unrepresented cheques.

80. An amount of N4,502,705.00 was paid to a company in October 1998 for the renovation, repairs and supply of household items to the official residence of the Honourable Minister of State for Education. Further audit physical checks at the residence of the Honourable Minister of State, revealed that the items for furniture and equipment totalling N1,766,150.00 could not be produced for verification in July 1999. The Permanent Secretary has been requested to produce the items, or alternatively recover N1,766,150.00 from the company involved furnishing me with the recovery particulars for audit inspection.

81. A contract for the sum of N5,800,000.00 was awarded to a communication firm for the printing and supply of 10,000 copies of 1997 calendar for the Ministry at a rate of N350.00 per calendar. Further audit scrutiny revealed that the firm supplied only 2,474 copies and it was paid N1,434,920.00, as against the contract price of N3,365,080.00. The Permanent Secretary has been requested to produce the items for audit inspection, and furnish me with recovery particulars for audit verification.

82. At the Federal Government Girls College, Kabba, Kogi State, it was observed that:

(i) An amount of ₦3,996,968.00 was paid to a contractor in 1999 for the completion of the dining hall of the college, whereas outstanding jobs such as septic tank, plumbing works and burglary proofing totalling ₦330,000.00 being part of the contract sum of ₦3,996,968.00 were not completed by the contractor. The Permanent Secretary has been requested to get the contractor back to site to execute satisfactorily the outstanding jobs, or alternatively recover the sum of ₦330,000.00 from the contractor involved, furnishing me with recovery particulars for audit verification.

(ii) Similarly, an amount of ₦64,000.00 was provided for in the bill of quantities for the supply and installation of 400 louvre glass blades at ₦160.00 each and at the same dining hall. Further audit scrutiny revealed that the contractor abandoned the louvre glass blades and supplied installed plywood blades, thereby contravening the terms of agreement entered into with the Ministry.

83. At the Federal Government College, Kano, it was observed that:

(i) An amount of ₦3,510,200.00 was paid to a firm in 1999 for the rehabilitation of 480 metres of road within the college premises. The job was completed in March 1999. However, audit visit to the college in July 2000 revealed that several potholes were in existence confirming the poor quality of work done by the contractor. The Permanent Secretary has been requested to get back the contractor to the site to enable him carry out satisfactory job on the road.

84. At the Suleja Academy, Suleja, it was observed that a gang of armed robbers raided the school on 31st August, 1998 and carried away various items worth ₦2,603,784.00. The matter was reported to the Police, but no recovery was made, and no Police report was produced.

85. At the Federal Government College, Ido-Ani, it was observed that:

(i) Contract sums totalling ₦3,576,300.00 were paid to various contractors in 1999 when no projects were executed by them. The Permanent Secretary has been requested to recover ₦3,576,300.00 from the contractors involved, furnishing me with recovery particulars for audit verification.

(ii) Amounts totalling ₦915,060.00 were outstanding as school fees not yet collected by the school. Efforts should be made to get the amounts collected.

(iii) Withholding tax and VAT totalling ₦603,028.00 were not deducted from payments made to 10 contractors and suppliers between January and July 1999 thereby resulting in a loss of revenue to the Federal Government.

86. At the Federal Government College, Okigwe, it was observed that:

(i) Amounts totalling ₦52,800.00 generated as revenue from the sale of pigs and pork between July 1998 and July 1999 have not been paid to the Treasury as required by the provisions of the Financial Regulations.

(ii) Seventy-four (74) Library books belonging to the Federal Government College, Okigwe, loaned to 38 members of staff of the College between 1990 and 1998 were still with them and not being returned to the Library. The Permanent Secretary has been requested to ensure that members of staff of the College return the books to the Library without delay, or alternatively recover the cost of the books from the staff involved furnishing me with recovery particulars for audit verification.

87. At the Federal Government College, Odogbolu, Ogun State, it was observed that:

As awarded a contract for the construction of 1,600 metre road network within the College compound for a contract sum of ₦4,151,538.20 in October 1998. However, a sum of ₦3,437,844.65 out of the contract sum of ₦4,151,538.20 had been paid to the contractor for part of the contract claimed to be completed by him, leaving a balance of ₦713,693.55. Further audit visit to the site in October 1999 revealed that apart from the front of the administrative block which was well tarred, other parts of the road network showed poor workmanship as several potholes were clearly visible. Incidentally, the unpaid balance of ₦713,693.55 could not be enough to finish the jobs left uncompleted as well as to make repairs on the poorly executed ones.

88. At the Federal Government College, Kaduna, it was observed during the physical audit inspection of the boys' hostels that the two blocks have no windows, doors, etc. Besides, all electrical fittings as well as the plumbing materials and fittings have been vandalized. The poor condition of the hostel needed urgent improvement in order to avert outbreak of an epidemic in the College.

89. At the Federal Government College, Gboko, Benue State, it was observed that an amount of ₦5,180,000.00 was paid to a contractor for the roofing of the assembly hall and library complex belonging to the College. The sum of ₦3,268,140.00 was clearly provided in the bill of quantities to enable the contractor to "provide and fix steel trusses to Engineers". However, the physical audit visit to the site revealed that the steel trusses were provided by the former contractor who abandoned the project. Therefore, the second contractor only used steel trusses costing ₦3,268,140.00 already abandoned at the site and he did not provide the items though he received payments for them. He was paid for the services he did not render to the College. The Permanent Secretary has been requested to recover the amount of ₦3,268,140.00 from the second contractor involved furnishing me with recovery particulars for audit verification.

90. Five (5) per cent Withholding tax of ₦100,000.00 was deducted from the payment of a contract sum of ₦2,000,000.00 made to a consultancy firm in March 1999 as against 10 per cent withholding tax of ₦200,000.00 resulting in a loss of revenue to the Federal Government of Nigeria. The Permanent Secretary has been requested to recover ₦100,000.00 from the consultancy firm involved, furnishing the recovery particulars for audit verification.

91. Two companies had complained to the Honourable Minister of State for Finance on tax deduction of 5 per cent Value Added tax and 5 per cent withholding tax effected from payments made to them. The Honourable Minister subsequently directed that the sum of ₦1,749,622.10 being the total tax deductions ₦1,209,622.10 and ₦540,000.00 should be refunded to the two companies contrary to the statutory Tax Regulations. The deductions are statutory revenue due to the Federal Government of Nigeria. Therefore, the basis for the refund appeared to contravene the principle of accountability and transparency. The Permanent Secretary has been requested to recover ₦1,749,622.10 from the two companies involved furnishing the recovery particulars for audit verification.

The issues have been brought to the attention of Permanent Secretary and his reaction is being awaited.

92. The audit examination of the Revenue Cash Book maintained at the Federal Government College, Ganye, revealed that the former Bursar was unable to account for amounts totalling ₦26,720.00 which was part of the revenue collected in February 1999, but was not paid to chest.

Another sum of ₦308,225.00 was withdrawn from the bank in February 1999 by the former Bursar. This withdrawal was not posted into the Cash Book and the payment voucher could not be produced for my inspection. The former Bursar should be compelled to account for the amounts totalling ₦334,945.00.

The irregularities have been communicated to the Permanent Secretary and his response is being awaited.

93. The audit examination of the Revenue Cash Book maintained at the Federal Technical College, Ilesha, revealed that 128 students were still owing school fees amounting to ₦114,000.00 at the time of audit inspection in June 1999.

The Permanent Secretary has been requested to recover these debts and furnish me with recovery particulars. His response is being awaited.

94. The examination of accounting records maintained at the Federal Government Girls' College, Gusau, revealed the following :

(a) A theft of several store items which included air-conditioner, refrigerator, photocopiers, machines, etc. all valued at ₦1,469,320.00 by unknown persons was reported on 12th April 1998. Although the case was reported to the police, the suspects charged to court and eventually discharged by the court, the College is yet to complete the TF146 to formally report the loss in accordance with the provisions of the Financial Regulations.

(b) Although amounts totalling ₦158,650.00 representing withholding tax and Value Added Tax, were deducted from payments made to several contractors, they were not remitted to the relevant tax authorities as required by extant regulations.

The attention of the Permanent Secretary has been drawn to these irregularities and his comments are being awaited.

95. During the audit of accounting records maintained at the Federal Government Girls' College, Calabar, it was observed that :

(i) Eight Imperial and 6 Olympia typewriters, valued at ₦280,000.00 were missing and could not be produced for audit inspection. To date, there has been no formal loss report on them.

(ii) Seven payment vouchers for amounts totalling ₦2,700,000.00 raised on 19th December 1999 for the printing of Treasury Forms were wrongly classified to the sub-head for Personnel Costs contrary to the provisions of the Financial Regulations which stipulate that expenditure will be classified strictly in accordance with the Estimates and votes must be applied only to the purpose for which money is provided. Furthermore, there was no authority from the Accountant-General of the Federation for the printing of the Treasury Forms in accordance with the provisions of the Financial Regulations.

(iii) Soft loans totalling ₦71,000.00, granted to 9 members of staff, to solve their personal problems, remained outstanding as at the time of audit inspection in June 2000.

(iv) Three payment vouchers amounting to ₦4,694,044.05 were raised and paid to 3 contractors between 25th October and 23rd December, 1999. It was observed that supporting documents such as letters of award of the contracts, contract agreement, minutes of Tender Board meetings relating to the contracts were not attached to the payment vouchers. Consequently, I cannot certify the payments as proper charges against public funds.

All the issues have been communicated to the Permanent Secretary and his response is being awaited.

96. During the audit examination of the accounting records maintained at the Federal Government College, Okigwe, the following observations were noted :

Bank Reconciliation Statement shall be prepared at the end of each month in respect of each bank account operated.

(b) Sixty-three library books borrowed by the staff of the College between September 1986 and October 1999 had not been returned as at the time of audit inspection in October 1999. These books should be returned or replaced by the defaulting staff without further delay.

(c) A total amount of ₦43,700.00 was realised in 1998 as proceeds from the auction sale of 3 unserviceable vehicles. There was no evidence that this revenue was paid to chest. Rather, it was paid into the College's Domestic Account. This amount should be paid back to revenue.

(d) A total amount of ₦101,652.00 granted as loans to 12 members of staff between December 1998 and August 1999 remained unrecovered as at the time of audit inspection in October 1999.

(e) Seven cheques for amounts totalling ₦903,000.00, issued between March and August 1999 from the Capital Account for expenditure of domestic purposes, were not accompanied by the relevant payment vouchers contrary to the Financial Regulations. Consequently, I cannot certify the expenditures as legitimate charges against public funds.

These irregularities have been brought to the attention of the Permanent Secretary whose comments are being awaited.

97. During the examination of accounting records maintained at the Federal Government College, Ilorin the following observations were made :

(a) A contract worth ₦5,410,000.00 was awarded in October 1998 for the construction of 1 block of 6 classrooms. Six (6) payment vouchers for amounts totalling ₦5,230,675.10 were raised and paid from the Domestic Account through the College Capital Expenditure Account between December 1998 and November 1999.

Further scrutiny of the contract revealed the following irregularities :

(i) No copy of the contract agreement was forwarded to the Office of the Auditor-General for the Federation in compliance with the provisions of the Financial Regulations.

(ii) The minutes of the Ministerial Tenders Board meeting were not produced for my verification.

(iii) No Vote Book was maintained for the Capital payments.

(iv) Domestic payment vouchers were raised instead of the Capital Expenditure payment vouchers in accordance with the provisions of the Financial Regulations.

Consequently, I cannot certify the expenditure as proper charges against public fund.

(b) Another contract worth ₦3,634,355.00 was awarded for the rehabilitation of uncompleted and burnt Laboratory. Three (3) payment vouchers for a sum of ₦3,298,435.45 were raised and paid from the Domestic Account through the College Capital Expenditure Account between April and June 1999. The following irregularities were further observed :

(i) No copy of the contract agreement was forwarded to the Office of the Auditor-General for the Federation in compliance with the provisions of the Financial Regulations.

(ii) It would appear that the two contracts, that is, the Rehabilitation of burnt Laboratory and the completion of an uncompleted building were merged without stating the specific job carried out and the cost of each contract.

(iii) The minutes of the Ministerial Tenders Board meeting were not produced for my verification.

(iv) The drawings, specifications, Bills of Quantities, Vote Book, Contract ledgers, were not produced for my inspection.

Consequently, I cannot certify the payments on these contracts as proper charges against public fund. The issues have been brought to the attention of the Permanent Secretary whose response is being awaited.

98. During the audit of accounts and records maintained at the Federal Government College Otobi, Benue State, it was observed that two major contracts worth ₦5,585,230.00 were awarded the Federal Ministry of Education Headquarters, Abuja for the refurbishing of classrooms, refurbishing of 2 blocks of hostel at the costs of ₦2,325,000.00 and ₦3,260,230.00 respectively.

Efforts made to see the contract documents which would have shown the terms of contracts, bill of quantities and job specifications proved abortive as I was reliably informed by College authorities that the contract file was not brought to the College.

However, physical inspection of the job done revealed that inferior materials in terms of louvre blades, frames and paints which would hardly withstand the vagaries of the weather were used by contractor. Already, there were noticeable breakages of louvre glasses both in the classrooms and hostel within few months of completion of the job as a result of poor quality inputs.

Ironically, the job was supervised and passed for payment by the Housing Section, Federal Ministry of Works and Housing in Makurdi.

The Permanent Secretary has been informed of these irregularities and his reaction is being expected.

99. (a) During the recent audit of the accounts maintained at Federal Government College, New-Bussa, it was noted that a contractor abandoned the construction of a block of classrooms he was constructing after he had been overpaid a sum of ₦1,271,254.00. The contractor was able to claim amounts that were not due to him because the supervising architects overvalued the work done through the valuation certificates issued.

(b) It was also observed that contingency provisions in the estimates prepared by Federal Ministry of Works and Housing were paid to contractors without approval by the supervising architects and without any additional work done. Furthermore, some extraneous items such as "Project Management Fund" "Administration and project supervision expenses" were introduced into the bills prepared for the projects being executed in the school. A sum of ₦260,000.00 was set aside as contingency while the other extraneous items introduced amounted to ₦270,000.00 bringing total irregular payment to ₦530,000.00. The Federal Ministry of Works and Housing was supposed to supervise the project and none of these payments was made to the ministry.

The Permanent Secretary has been requested to invite the contractor to complete the project or recover the overpayment made to him and to also recover the contingency and other extraneous items paid to the contractors. His response is being awaited.

100. During the recent audit examination of the accounts maintained at the Inspection Division of the Federal Ministry of Education, Minna, it was observed that five payment vouchers were raised on 13th December, 1999 to irregularly withdraw a sum of ₦1,167,605.00 remaining balance on the Personnel Cost Subhead. The payment vouchers were raised to give the impression that the sum was used to print Treasury Forms. It was, however, discovered that the details of

The contract was split into bits of not more than ₦300,000.00 on 5 payment vouchers and awarded to three contractors contrary to the provisions of the Financial Regulations.

Part of the amount irregularly withdrawn was used to purchase a fairly used Peugeot 505 Station Wagon. The particulars of the vehicle were not produced for inspection and an inspection of the vehicle revealed that the amount withdrawn was not commensurate with the value received.

The Permanent Secretary has been requested to explain the misapplication of the allocation for Personnel Cost and the contravention of existing Government Regulations guiding award of contract. He has also been requested to account for the sum irregularly withdrawn.

His response is being awaited.

101. At the Federal Government College, Ogbomosho, an officer who absented herself from duty without excuse since July 1997, continued drawing her salary and allowances regularly until January 1999. The total amount of ₦97,366.78 being the payment to the officer during the period should be recovered from her furnishing recovery particulars for my verification.

The matter has been taken up with the Permanent Secretary and his response is being awaited.

102. At the Federal Government College, Otobi, Benue State, the examination of accounting records maintained revealed that 3 payment vouchers for a sum of ₦138,650.00 were raised and paid in November and December 1999 for the purchase of various store items. The items purportedly purchased were not taken on ledger charge as there were no relevant Stores Receipt Vouchers acknowledging their receipt into the Store neither was any Stores Issue Voucher issued for their usage. As I cannot confirm the actual receipt and usage of these items, it will be difficult to accept the expenditure involved as a legitimate charge against public funds.

This irregularity has been brought to the attention of the Permanent Secretary whose reaction is being awaited.

103. During the audit examination of the accounting records maintained at the Federal Government Girls' College, Gusau, the following observations were made:

(a) Loans amounting to ₦433,000.00 granted to 2 Principals and 2 other officers of sister colleges between August and November 1999 were yet to be repaid as at the time of audit inspection in September 2000. Moreover, there was no Loan Register or Advances Ledger kept for the loans.

(b) Eight payment vouchers raised on the Boarding Account between October and December 1999 for amounts totalling ₦71,890.00 could not be produced for my inspection. I cannot therefore certify the payments as proper charges against public funds.

(c) A personal advance of ₦400,000.00 granted to the Principal in October 1999 had not been retired as at the time of audit inspection contrary to the provisions of the Financial Regulations.

All the shortcomings have been taken up with the Permanent Secretary and his reaction is being awaited.

104. During the audit of the accounting records maintained at the Federal Government Girls' College, Potiskum, Yobe State, the following observations were made:

(a) Two payments totalling ₦1,013,618.75 were made in January 1998 and March 1999 for the construction of a volleyball pitch and sports

Audit investigation revealed that the quality and amount of work done at the two locations were not commensurate with the huge expenditure of ₦1,013,618.75. The surface of the pit has already cracked and was peeling off within the first year. I cannot, therefore, certify payments as proper charges against public funds.

(b) Three payments amounting to ₦1,290,117.00 were made to the same contractor between June and September 1999 for the construction of 3 VIP toilets in the College. It was surprising to observe that the VIP toilets are pit latrines and these could not have cost more than ₦290,117.00. The inflated amount should be recovered from the contractor or the officer who approved such payments.

(c) Twenty-one other payments amounting to ₦1,490,149.00 were made between March 1998 and July 1999 for the supply of building materials. Investigation also revealed that the costs of most of these building materials carried to the project sites have been paid for through contracts or direct labour. I cannot, therefore, certify the expenditures as legitimate charges against public funds.

The irregularities have been brought to the attention of the Permanent Secretary whose comments are being awaited.

105. During the audit of the accounting records maintained at the Federal Government Girls' College, Akure, it was observed that amounts totalling ₦1,116,250.00 were paid to a contractor on 8 payment vouchers between June 1998 and March 1999 for the procurement of essential commodities (provisions). The payment vouchers were not supported with the relevant Stores Receipt Vouchers and Stores Issue vouchers as evidence to show that the items were received into the store. Further investigation revealed that the commodities were delivered to the former Principal's residence, from where she personally distributed the items to the kitchen staff. Consequently, I cannot certify the expenditure as a legitimate charge against public funds.

This irregularity has been brought to the attention of the Permanent Secretary and his comments are being awaited.

106. At the Federal Inspectorate of Education, Minna, Niger State, the audit of the accounting records maintained revealed that:

A sum of ₦73,600.00 was paid on 7 payment vouchers to the Co-ordinating Inspector between November 1998 and November 1999 as refund of out-of-pocket expenses incurred on purchases and repairs rendered. The authenticity of these payments could not be ascertained especially as items purported to have been purchased or repaired could not be produced for inspection. On account of this, I cannot certify the payments as legitimate charges against public funds and the amounts involved should be properly accounted for.

These irregularities have been communicated to the Permanent Secretary and his comments are being awaited.

107. The audit of the accounting records maintained at the Federal Government College, Maiduguri, Borno State, revealed that a sum of ₦350,000.00 was paid to a contractor on 7th May 1999 for the renovation of the ceiling of the College's Assembly Hall. A physical inspection of the site, however, revealed that nothing reasonable whatsoever was done on the ceiling of the Assembly Hall to warrant this payment. The ceiling was already collapsing as only few ceiling boards were replaced. Consequently, as I cannot certify the expenditure as proper charge against public funds, the contractor should be recalled to properly execute the job or alternatively refund the money paid for job not executed and the necessary repairs.

108. At the National Institute of Educational Planning and Administration, Ondo, the audit of accounting records maintained revealed that:

(a) An amount of ₦209,360.00 which has been featuring in the Bank Reconciliation Statement since March 1999 as debit in the Cash Book, being an overpayment recovered from a contractor, was yet to reflect in the Institute's bank statement as at the time of audit in June 1999.

(b) There was a clause that "Institute will not accede to any variation on the contract sum awarded and that all works are to be completed within 4 weeks from the date the contract agreement was signed." Despite this clause, the Institute still approved an amount of ₦486,360.00 as variation on the contract sum without any authority. It is necessary to explain the reason for this variation otherwise the sum of ₦486,360.00 should be recovered from the contractor.

These irregularities have been brought to the attention of the Permanent Secretary whose comments are being awaited.

109. At the Federal Inspectorate of Education, Asaba, the audit of the accounting records revealed that 4 payment vouchers for amounts totalling ₦120,105.00 were paid to members of staff between August and December 1999 for evacuation of septic tanks, painting of staff quarters and general servicing of an air-conditioner. Further investigation revealed that these jobs were not executed. Consequently, I cannot certify the payments as proper charges against public funds.

The issue has been brought to the attention of the Permanent Secretary whose response is being awaited.

110. At the Federal Science College, Ogoja, Cross River State, it was observed that 4 contracts worth ₦8,431,825.35 were awarded between January and May 1999 without observing tendering procedures guiding the award of contracts. Also, supporting documents such as Contract Agreements, Completion Certificates, Invoices, etc., were not attached to the relevant payment vouchers in accordance with extant regulations.

The anomaly has been brought to the attention of the Permanent Secretary whose comments are being awaited.

111. During the examination of the accounting records maintained at the Federal Technical College, Ohanso, Abia State, the following observations were noted:

(a) Sixteen payment vouchers for amounts totalling ₦598,420.00 were paid from the Domestic Account to 4 officers for various purchases and a sum of ₦16,000.00 paid to a security organisation all between January and May 1999. The 17 vouchers were however not supported with the relevant documents, such as invoices, bills and Stores Receipt Vouchers, to confirm the genuineness of the payments. Consequently, I cannot accept the expenditures involved as proper charges against public funds.

(b) Eight personal advances totalling ₦34,000.00 granted to 7 officers on humanitarian ground from the Domestic Account between January and July 1999 had not been retired as at the time of audit inspection in August 1999 contrary to the provisions of the Financial Regulations.

(c) Amounts totalling ₦524,310.00 were paid from the Domestic Account to 4 officers for the purchase of motor vehicle spare parts and generator spare parts between January and July, 1999. These purchases could have been better awarded to contractors in line with the

granted to 2 officers and amounting to ₦594,000.00 paid out of the Domestic Account between January and July 1999 had not been paid back into the Domestic Account as at the time of inspection in August, 1999.

(d) Value-Added Tax amounting to ₦257,563.50 were not deducted before payments made to 20 contractors between February and July 1999. These amounts should therefore be recovered from the contractors and the recovery particulars furnished for verification.

These irregularities have been brought to the attention of the Permanent Secretary whose comments are being awaited.

JOINT ADMISSION AND MATRICULATION BOARD (JAMB)

12. The Joint Admission and Matriculation Board (JAMB) was established by Decree 33 of December, 1989 with a mandate to control the conduct of matriculation examination admissions into all Universities, Polytechnics and Colleges of Education in Nigeria.

Two contracts were awarded in May 1994 to a contractor for the construction of Prototyping Information Centre at Bwari and the construction of workshop house for contract sum of ₦2,475,741.73 and ₦1,960,589.80 respectively. The contractor was paid 40 per cent mobilization fee on both contracts at a time when payment of mobilization fees had been abolished. After laying the foundation, the contractor abandoned site on 13th July, 1994. The contract was eventually determined and terminated in March 1996 but no final account was prepared which could have shown the value of work done by the contractor so as to determine the amount of mobilization fee outstanding and recoverable from the 40 per cent advance payment made. The records examination and physical inspection done revealed that a large part of the advance payment should have been recoverable but when the contractor abandoned site the officials of the Joint Admission and Matriculation Board (JAMB) failed to apply for refund from the insurance company that had provided the performance bond which remained valid. Efforts should be made to evaluate the level of work done by the contractor, since no further work has been done at the site, using the rates in the Bill of Materials as at 1994 with a view to determining the amount recoverable from the advance payment made. If the contractor failed to refund the amount, the amount should be refunded to the contractor. Officers who authorised the advance payment and who failed to take advantage of the insurance bond when the contractor abandoned the contract site as the bond was in force at that time should be held accountable.

The issues have been taken up with the Permanent Secretary and his reaction is being awaited.

FEDERAL CAPITAL TERRITORY GWAGWALADA AREA COUNCIL

13. During the audit examination of the documents and accounting records maintained by the Gwagwalada Area Council, for the year 1999, it was observed that:

(i) A sum of ₦367,809.95 was paid to a contractor in May 1999 for the reconstruction of a market in Gwagwalada. However, physical inspection of the market wall revealed that there was never a time the fence fell and no new fence was constructed. The sum of ₦367,809.95 should therefore be recovered from the contractor and the recovery particulars forwarded for audit verification.

(ii) A mobilization fee of ₦103,824.62 was paid to a contractor in September 1999 for the construction of a drainage system in Gwagwalada, but no new drainage was seen when the site was inspected.

(iii) A furniture company was paid the sum of ₦695,000.00 in August 1999 for supplying furniture to the official residence of the Honourable Chairman of the Council. However, physical inspection visit to the residence showed that three of the dining chairs were in bad shape, while the fourth was broken. Besides, market survey conducted revealed that the contract cost of the furniture items should not have been more than ₦360,000.00. The sum of ₦335,000.00 overpaid to the contractor should therefore be recovered from him. Furthermore, amounts totalling ₦34,750.00 being withholding tax deductible from the contract should also be recovered from the contractor, while the recovery particulars of both payments should be forwarded for audit verification. In addition, withholding tax of ₦15,000.00 deductible from another contract of ₦300,000.00 awarded to the same company for the renovation of executive beds in the Chairman's residence should equally be recovered with the recovery particulars forwarded for audit verification.

(iv) The Honourable Chairman was paid a furniture allowance of ₦500,000.00 in November 1999 whereas his official residence was furnished at government expense, with a total sum of ₦1,439,683.90 in June and August 1999. Therefore, the sum of ₦500,000.00 received by him should be refunded, while the refund particulars should be furnished for audit verification.

(v) Various amounts totalling ₦23,306.07 purportedly paid into the revenue account between January and September 1999 as shown on the bank tellers produced for audit were not reflected in the relevant bank statements. The amounts should therefore be properly accounted for.

(vi) Contrary to the directive that, "on no account should funds be disbursed from the revenue account without the express permission of the Honourable Minister of State for the Ministry of Federal Capital Territory, Abuja", a total sum of ₦21,304,489.30 was disbursed from this account without seeking approval from the Honourable Minister. The authority for this disbursement should be produced or appropriate disciplinary action should be taken against the officers involved.

(vii) Cash advance of ₦650,000.00 was granted to an officer on 5th November, 1999 for the procurement of a 14-seater Toyota bus. It was however discovered during an audit verification check, that the bus purchased by the officer was a 10 seater model which could have been procured for ₦350,000.00 as against the sum of ₦650,000.00 provided. This resulted in an excess payment of ₦300,000.00, which should be recovered from the officer and the refund details furnished for audit verification.

(viii) The same officer was granted another amount of ₦850,000.00 on 13th December, 1999 to purchase a fairly-used Peugeot 505 station-wagon. However, market survey indicated that this vehicle could be procured at not more than ₦500,000.00 indicating an apparent overpayment of ₦350,000.00 on the actual purchase price. The overpayment of ₦350,000.00 should therefore be recovered from the officer quoting recovery particulars for audit verification.

(ix) The audit examination of the bank reconciliation statements prepared by the Gwagwalada Area Council F.C.T. Abuja showed that the monthly bank reconciliation statements for 2 accounts maintained by the Council were not made available to me for audit despite repeated demands for them. The bank reconciliation statements for the third account, which was presented for audit, were in arrears of up to 13 months as at June 2000 when the account was audited. In respect of this account, the audit of the statements revealed that:

(a) The amounts debited against 4 cheques in the bank statements were higher than their corresponding figures in the cash book, resulting in a total excess debit of ₦275,462.02.

(b) "Debits in bank not in cash book" amounted to ₦1,775,782.00. This should be

(c) Amounts totalling ₦120,564.93 were described as "Debits in cash book not in bank account". These possibly represented bank lodgements yet to reflect as credits in the bank account. They should have been investigated and cleared.

(d) Amounts totalling ₦10,269,141.48, were listed as "Credits in bank not in Cash Book". These possibly represented payments made into the accounts of the Council but which do not pass through the Cash Book. They should have been investigated and cleared.

The issues have been taken up with the Honourable Chairman and his reply is being awaited.

KWALI AREA COUNCIL

114. Audit examination of the accounts and other records maintained by Kwali Area Council for the year under review revealed that:

(i) Out of the total sum of ₦531,398.00 collected as revenue in the months of March, July and December 1999 only a sum of ₦458,400.00 was accounted for by payment to Council's bank account. The balance of ₦72,998.00 should therefore be accounted for.

(ii) Various amounts totalling ₦7,000,000.00 were transferred between October and December 1999 into a deposit account maintained with a commercial bank. However, despite repeated demands for the relevant bank statements, the documents were not produced for inspection. It was therefore difficult to ascertain the current status of the deposit account.

(iii) Five cheques for various amounts totalling ₦60,207.46 were debited in the Cash Book but were not credited in the bank account. However, the un-presented cheques should be reverted to the Cash Book while investigation should be conducted to ascertain whether these un-presented revenue cheques were duly replaced by the respective drawers of the now stale cheques.

(iv) Various amounts in cash totalling ₦59,018.00 represented refunds of course fees which were duly debited in the Cash Book but were neither lodged in the bank nor physically produced during the audit. The whereabouts of the amounts should be thoroughly investigated and the money recovered.

(v) Bank Reconciliation Statements were not prepared for the revenue collected for the months from May to August and December, of the 1999 financial year.

(vi) A cheque for an amount of ₦295,868.37 was debited in the expenditure bank account in February 1999 without any corresponding credit in the Cash book. This debit should have been investigated and cleared.

(vii) Cash advance of ₦1,500,000.00 was granted to an officer of the Council on 11 November, 1999 for a direct procurement of two fairly used buses at the rate of ₦750,000.00 each. However, market survey conducted by this Office revealed that the same bus could be procured for ₦450,000.00 each. Another cash advance of ₦500,000.00 was granted to the same officer on 7th December, 1999 to procure a fairly used Peugeot 505 saloon car, but this car was found to be costing about ₦350,000.00. The total overpayments of ₦750,000.00 should therefore be recovered from the officer and the recovery details forwarded for audit verification.

(viii) In addition to the various sums of money disbursed by the Council on the furnishing of the Honourable Chairman's quarters, an amount of ₦132,119.30 was spent on the construction of a badminton court. In spite of these amounts disbursed, he was still paid a furniture allowance of ₦500,000.00 to which he was obviously no longer entitled to. The Honourable Chairman should therefore refund this amount, and the refund particulars forwarded for audit verification.

seventy (70) cartons of chalk at the rate of 857 per carton. However, the audit verification of this item revealed that only 7 cartons were supplied to the store. The overpayment of ₦53,991.00 should therefore be recovered from the contractor, furnishing particulars of recovery for audit verification.

(x) Forty-four payment vouchers for various amounts totalling ₦1,926,531.20 paid between May and December 1999 were not produced for audit inspection. As I cannot therefore certify that the expenditures on the vouchers were legitimate charges against public funds, the Honourable Chairman has been requested to produce the vouchers.

All the issues have been taken up with the Honourable Chairman and his reaction is being awaited.

BWARI AREA COUNCIL

115. During the audit examination of the accounting records and documents maintained by the Bwari Area Council, F.C.T., Abuja, it was observed that:

(a) A contractor was paid the sum of ₦800,000.00 on 29th November, 1999 for sinking a borehole at Tudun Fulani, Bwari. However, the borehole was inspected four months after its completion and found not to be functioning. The contractor should be recalled to the site to rectify the defect and ensure regular supply of water from the borehole.

(b) Another contractor was paid the sum of ₦229,824.00 on 28th December, 1999 for constructing a concrete-encased-ring well at Sunipe Shore ward of the Bwari Area Council. The letter of award was dated 7th December, 1999 while those for acceptance and completion were both dated 15th December, 1999 indicating that the well was presumably dug in a hurry. However, investigations conducted during the site visit revealed that the well has never produced sufficient water. The contractor should be requested to dig the well to a depth that will ensure regular availability of water.

(c) Revenue totalling ₦424,620.00 collected between January and September 1999 purportedly paid to chest were surprisingly, not reflected in the relevant bank statements for the period. This amount should therefore be accounted for. Furthermore, the bank statements for the months of October to December 1999 were not produced for audit inspection. These should be produced for necessary verification.

(d) Cash advances totalling ₦4,685,860.00 granted to 16 officers of the Council between May and December 1999 to execute some jobs or render some services had not been retired even at the time of the audit inspection in July 2000. Some officers were granted additional advances without retiring the previous ones contrary to laid down regulations. Besides, some of the projects could have been better executed or the services rendered through the award of contracts after competitive tender procedures or through the issuance of Local Purchase Orders. Efforts should be made to get the officers to retire the advances while the retirement particulars should be furnished for audit verification.

(e) Fifty-seven payment vouchers for amounts totalling ₦6,406,392.59 and relating to various payments made between January and December 1999 were not produced for audit inspection. As I cannot satisfy myself that the various payments were legitimate charges against public funds, the Honourable Chairman has been requested to kindly produce the vouchers for audit examination.

(f) Four contractors were paid amounts totalling ₦662,420.80 for the construction of

was however discovered during the physical verification of the projects that the electrical metal work components of the projects quantified at a total cost of ₦65,000.00 were not done though the projects were certified completed. The total amount of ₦65,000.00 should therefore be recovered from the 4 contractors while appropriate disciplinary actions should be taken against the officials who issued the completion certificates for the uncompleted projects.

(g) A total sum of ₦947,276.00 was spent by the Council in December 1999 on the provision of access roads in the Technology Village in Bwari town. During an audit verification visit to the village, it was observed that flood from rainwater was eroding the new road surface, weeds and shrubs were beginning to grow on the road. It was also discovered that the artists and craftsmen expected to work in the village were yet to be mobilized, as a result of which the village looked quite desolate. Concerted efforts should be made by the Council to sustain the objective of creating the village by urgently mobilizing the craftsmen and artisans to work on the village.

(h) A contractor was paid an amount of ₦320,000.00 on a payment voucher dated 21st June 1999 for the filling up of potholes at Jigo and Oshafa junctions. The physical verification works carried out however revealed that there were only 2 potholes and that the quantity of materials claimed to have been utilized on the projects were grossly inflated and of poor quality. The actual value of work done should be quantified with a view to recovering the excess payment from the contractor.

(i) A sum of ₦273,274.00 was paid to a contractor through a payment voucher dated 1st December, 1999 for constructing toilets at the Kubwa motor park, but there was neither an existing motor park in Kubwa town nor any public toilet seen during the audit verification visit to the town. Surprisingly, a completion certificate was issued for the job. Apparently, this was a case of payment for services not rendered. The amount of ₦273,274.00 paid to the contractor should therefore be recovered from him quoting the recovery particulars for audit verification while severe disciplinary sanction should be imposed on the officials who issued the completion certificate for a project that was not executed.

(j) Two cheques for amounts of ₦253,563.27 and ₦362,313.89 dated 26th June, 1999 and 1st November, 1999 respectively which were debited in the bank account of the Area Council could not be traced to the Cash Book. The origin of the debit entries should be investigated.

(k) Amounts totalling ₦2,815,515.65 were shown as "Credits in Bank not in Cash Book". These amounts possibly represented payments made into the bank accounts of the Council which did not pass through the Cash Book. They should have been investigated and cleared.

The issues and irregularities have been communicated to the Honourable Chairman and a response is being awaited.

KUJE AREA COUNCIL

116. During the audit examination of the payment vouchers prepared by Kuje Area Council, F.C.T., Abuja, for the year under review, the following observations were made:

(i) An officer was granted a cash advance of ₦1,300,000.00 on 24th August, 1999 for a direct procurement of two 10-seater buses at the rate of ₦650,000.00 each, whereas the market price of the bus was ₦400,000.00 each and the two buses could have been procured at the total cost of ₦800,000.00. The amount of ₦500,000.00 should be recovered from this officer and the recovery details forwarded for audit verification.

conducted by this office however revealed that the cabinets could have been purchased at the rate of ₦120,000.00 each leaving a balance of ₦310,000.00, which should be recovered, from the officer while the recovery particulars should be furnished for audit verification.

(iii) An amount of ₦180,000.00 was paid to yet another officer on 27th December, 1999 for the purpose of settling the debts owed by the Council to some media organisations. However, the receipts produced by the officer to retire the advance were not the genuine ones issued by the organisations in question. Authentic receipts from the media houses should therefore be produced to retire the advance, failing which the amount should be recovered from the officer.

(iv) An officer was granted cash advance of ₦350,000.00 on 7th December, 1999 to purchase a motor vehicle for the Council, but the prevailing market price of the type of vehicle procured was found to be ₦250,000.00. The propriety of this mode of procurement should be explained while the overpayment of ₦100,000.00 should be recovered from the officer and the recovery particulars should be forwarded for audit verification.

(v) Amounts totalling ₦87,729.54 were debited in the bank without any corresponding credits in the Cash Book. These should be investigated and cleared.

(vi) There were differences totalling ₦58,719.60 between the amounts entered in the Cash Book and those recorded in the bank statements against four cheques paid between February and April 1999. These should be investigated and cleared.

(vii) The Bank Reconciliation Statements for the Poll Tax Account were not produced for audit inspection in spite of repeated demands during the audit of the accounts of the Council. This document should be produced.

(viii) The Personal Emolument Records of some members of staff who were either deceased, transferred or terminated were not produced for audit examination. It was therefore difficult to confirm that their salaries were stopped at the appropriate time. These records should be produced.

(ix) Some anomalies ranging from wrong entries, inconsistent signatures, etc. were noted in the Vote Book. Also excess expenditure amounting to ₦1,689,833.00 were noted on some sub-heads of expenditure but the authorities for such expenditures were not produced. These should be produced.

(x) Twenty payment vouchers for various amounts totalling ₦1,172,683.22 were not produced for audit examination. As it was therefore difficult to certify the expenditures on such vouchers as legitimate charges against public funds, the Honourable Chairman has been requested to produce the vouchers for examination.

(xi) Council revenue amounting to ₦20,619,513.02 was debited in the Revenue Cash Book for the year 1999, but only a total sum of ₦18,001,291.62 was accounted for as seen from the bank statements for the revenue account. The balance of ₦2,618,221.60 was yet to be accounted for. It should be remembered that there is a standing directive from the Ministry of Federal Capital Territory Abuja, that on no account should disbursements be made from the revenue without the prior approval of the Honourable Minister of State for the Federal Capital Territory.

The lapses and anomalies have been brought to the attention of the Honourable Chairman of the Council. His reaction is being awaited.

ABUJA MUNICIPAL AREA COUNCIL

117. During the audit examination of the accounts and other records maintained by the Abuja Municipal Area Council, F.C.T., Abuja, for the year 1999, it was observed that: