

between August and September 1999 for refuse collection and immunization exercises. None of the advances had been retired even at the time of audit inspection in March 2000, contrary to provision of the Financial Regulations which stipulates prompt retirement of personal advances and forbids granting a subsequent advance when a previous one had not been retired. The advances should be retired or the various amounts involved recovered from the personal emoluments of this officer and the recovery particulars forwarded for audit verification.

(b) An officer was given a cash advance of ₦295,250.00 vide a payment voucher dated 1 December, 1999 for the reconstruction of the broken-down fence and face-lift of the Area One market in Abuja. Audit verification of the payment however revealed that no such reconstruction or face-lift exercise was carried out at the market. This amount should be recovered from the officer because it had become an illegitimate payment as no services were rendered.

(c) A cash advance of ₦70,000.00 was given to an officer on 9th March, 1999 to enable him pay for news sponsorship on behalf of the Council at the Federal Radio Corporation of Nigeria. The officer is yet to produce any acceptable official receipt as proof of payment to Federal Radio Corporation of Nigeria. This should be done, as it remains the only acceptable action that would prevent his refunding the amount advanced to him.

(d) The contract for the construction of a perimeter fence at the Utako International Market was split into two and awarded to two separate contractors at the contract sums of ₦3,541,938.94 and ₦30,217,288.49. The amounts were paid on vouchers dated 18th November 1999 and 2nd September, 1999 respectively. Abuja Municipal Area Council's Tenders Board minute in respect of the contract sum of ₦3,541,938.94 was not produced nor was there any indication that the second contract, which was awarded at a cost of ₦30,217,288.49, was ratified by the Federal Executive Council.

(e) A firm of lawyers was paid a sum of ₦500,000.00 as legal fees for defending the Council in a law suit whereas the Legal Department of the Council has qualified lawyers who could have defended the Council, thereby saving the legal fees for the Council. It should be necessary to avoid such wastage of the resources of the Council in future.

(f) An auto mechanic was paid a sum of ₦251,200.00 on 19th April, 1999 for repairing a Toyota bus with registration number 924 YAB. Further repairs amounting to ₦106,450.00 were carried out on the bus engine in August 1999 yet the bus was still not functioning as at the time of audit in August 2000.

(g) A sum of ₦272,240.00 was paid to an officer of the Council as refund of out-of-pocket expenses incurred on the reconstruction of the collapsed pit toilet in his official residence, Karshi, Abuja. Audit verifications revealed that the toilet was constructed with mud blocks and has no roof. The amount purportedly spent on the reconstruction of the toilet would appear to be grossly inflated. Furthermore, there was no document to show whether the officer reported the collapsed toilet to the Council or was granted any prior approval to reconstruct the toilet. The Council should estimate the actual cost of constructing the toilet and surcharge the officer for any excess payment and furnish the refund details for audit verification.

(h) A contractor was paid a sum of ₦107,517.00 on a payment voucher dated 9th July, 1999 for repairing an official vehicle with registration number AC 04 ABC. Details of the repairs carried out on the bus were not stated as there was no invoice attached to show the price charged. Also, the 5 per cent withholding tax of ₦5,375.85 was not deducted from the payment. The amount should be deducted and the deduction particulars forwarded for audit verification.

November, 1999 from the residence of a Councillor to whom the vehicle was attached. No Police report was produced to show that the theft was reported to the Nigerian Police for investigation and search. The loss should be formally reported as required by existing regulations.

(j) A sum of ₦1,320,500.00 was paid to a member of staff of the Council on 21st December, 1999 for the procurement of Christmas/Sallah gifts despite the government extant circular, which prohibited procurement of gifts to staff on festival days. Among the items procured were big cows, (₦40,000.00 each) average cows (₦35,000.00 each), big rams (₦12,000.00 each), medium rams (₦7,000.00 each). However, lower prices resulting from discount could have been obtained for these items had the officer taken due advantage of bulk purchase. These prices should be investigated and the officer surcharged for the overpayment.

(k) Eight vehicles belonging to the Council were found to have been grounded while three others were involved in accidents. The grounded vehicles should be boarded and disposed of to prevent their further deterioration and wastage while police reports in respect of the vehicles involved in accidents should be produced for audit examination.

(l) At the Local Education Authority of the Abuja Municipal Area Council, two transactions for amounts totalling ₦125,072.00 described as "Debits in bank not in Cash Book" were not investigated to determine their origin. The bank debit notes relating to them were also not produced for audit inspection, and these transactions might possibly represent illegal debits into the Council's account.

(m) Cash advances totalling ₦1,112,900.00 granted to 32 officers of the Council between March and December 1999 for various reasons were yet to be retired as at the time of the audit inspection in October 2000. These advances should be properly accounted for or the amounts involved deducted from the personal emoluments of the affected officers and the refund particulars forwarded for audit verification.

(n) Thirty-four payment vouchers for various amounts totalling ₦905,692.53 and relating to payments made between April and December 1999 were not produced for audit inspection.

As I cannot satisfy myself that these various payments were legitimate charges against public funds, the Honourable Chairman has been requested to kindly produce the vouchers for audit examination.

ABAJI AREA COUNCIL

118. The audit examination of the accounts and other records maintained at the Abaji Area Council F.C.T. Abuja, for the year under review revealed that:

(i) A contractor was paid the sum of ₦250,000.00 on 16th August, 1999 for the renovation of a residential quarter occupied by an official of the Federal Government Girls College, Abaji. The contract was observed to have been awarded, executed, recommended for payment and also certified completed and paid for on the same day, 16th August, 1999. It is difficult to believe that all these activities could have been undertaken in one day and that the job was actually carried out before payment was made. The sum of ₦250,000.00 should be recovered from the contractor and the recovery particulars forwarded for audit verification.

(ii) A news organisation was allegedly paid a sum of ₦50,000.00 on 10th September, 1999 by the Council but no receipt was produced to confirm that the money was actually received by the organisation. The receipt should be produced or the amount recovered from the organisation and the recovery particulars furnished for audit verification.

the Council but no receipt was issued. Also, another payment of ₦62,000.00 said to have been made to the Department of Local Government Affairs of the same Ministry had equal receipt issued for it. Evidence of actual receipt of the amounts by the payees should be produced as otherwise, it will be difficult to accept the payments as legitimate charges against public funds.

(iv) Cash advances amounting to ₦1,000,000.00 were paid to an officer of the Council on 10th and 21st December, 1999 for the purchase of two fairly-used Peugeot 505 saloon cars at the rate of ₦500,000.00 each. However, an independent market survey conducted by the auditor revealed that a fairly used Peugeot 505 could be purchased at the rate of ₦350,000.00 each, totalling ₦700,000.00 for the two saloon cars. The difference of ₦300,000.00 should therefore be recovered from the officer and the recovery particulars furnished for audit verification.

(v) Amounts totalling ₦60,290.00 were paid to an officer as imprest between the months of April and June 1999. However, the officer merely submitted honour certificates for the amounts with vague descriptions covering expenditures like maintenance of vehicle, purchase of fuel, etc., whereas receipts should have been available for these items if the disbursements were really genuine. Relevant receipts should be produced by this officer to account for the imprest, failing which the amounts should be recovered from him.

(vi) Twenty-eight payment vouchers for various amounts totalling ₦2,555,836.57 between February and December 1999 were not produced for audit examination. Therefore difficult to accept the payments as legitimate charges against public funds. The Honourable Chairman has been requested to produce the vouchers.

(vii) Differences amounting to ₦3,263,915.00 existed between the amounts recorded in the Revenue Cash Book and lodgements into the bank shown in the bank statements for the revenue account. The difference should be investigated and accounted for.

(viii) No single Bank Reconciliation statement was prepared for the Revenue Account during the year 1999. It was thus difficult to conclude that the financial transactions of the Council for the year under review was properly conducted and recorded.

(ix) Thirty-two cheques for various amounts totalling ₦1,727,350.89 issued between January and June 1999 had become stale and should have been written back into the Cash Book. These were still reflected as unpresented cheques.

(x) Amounts totalling ₦77,532.16 represented "Debits in the bank, not in the Cash Book". These debits might probably represent illegal debits into the Council's bank account. These should be investigated and cleared.

These anomalies have been brought to the attention of the Honourable Chairman. His response is being awaited.

FEDERAL CIVIL SERVICE COMMISSION

119. The audit examination of the accounts and other records maintained at the Federal Civil Service Commission Headquarters, Abuja, in 1999 reveal that:

(a) Peugeot 504 GR/AC with registration number FG15-S43, engine and chassis number 06089610 and valued at ₦1,500,000.00 belonging to the Federal Civil Service Commission was reported stolen on 31st May, 1999 where it was parked at Sabon Gari Market, Zaria. The vehicle was reported to the Police. An officer of the Commission and a driver were in Zaria to collect the vehicle at the market at 0500 hours. There was no evidence to prove that the case was officially reported on Treasury Form 146 in line with the provisions of the Financial Regulations.

(b) An amount of ₦181,700.00 was paid to a contractor in October 1999 for the repairs of an official motor vehicle No.FG 11S43, whereas the contract for such repairs was awarded to another motor company. The payment was made without attaching the vital supporting documents, such as, job order, etc. to the voucher in support of the payment. Furthermore, the correct amount for the repairs should be ₦178,700.00 as against ₦181,700.00 paid to the contractor, resulting in an overpayment of ₦3,000.00 which should be recovered from the contractor involved by the Commission.

Withholding tax totalling ₦17,870.00 and mandatory Value Added Tax (VAT) totalling ₦8,935.00 were not deducted from the payment made to the contractor resulting in a loss of revenue to the Federal Government of Nigeria, to the tune of ₦26,805.00.

(c) Stores items valued at ₦950,000.00 removed from the former guest house of the Federal Civil Service Commission were not produced for audit inspection inspite of repeated demands for them. The Honourable Chairman has been requested to produce the items for audit inspection, or alternatively to recover the sum of ₦950,000.00 from the officers involved, and furnish the recovery particulars for audit inspection.

(d) No receipts were issued for amounts totalling ₦12,218.46 representing the total debts deducted from the terminal gratuities of five officers who retired from the Federal Civil Service in 1999 as there were no treasury receipts to show that the amounts were paid back to chest as required by the provisions of the Financial Regulations. The Honourable Chairman has been requested to produce the relevant treasury receipts for audit inspection.

(e) Fifty-three payment vouchers for amounts totalling ₦5,761,861.84 paid between March 1999 and December 1999 had no vital supporting documents attached to them, such as, receipts, bills, invoices, etc as required by the Financial Regulations. I therefore, find it difficult to accept such payments as proper charges against public funds.

(f) Withholding Tax and Value Added Tax (VAT) totalling ₦1,141,082.29 were not deducted from the payments made to 9 contractors between March 1999 and November 1999 resulting in loss of revenue to the Federal Government of Nigeria.

(g) 150 payment vouchers for amounts totalling ₦72,021,418.88 paid in March 1999 and December 1999, under both Recurrent and Capital Expenditure accounts were not produced for audit inspection. As I cannot therefore, satisfy myself that the payments involved were proper charges against public funds, the Honourable Chairman has been requested to produce the vouchers for audit examination.

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

FINANCE AND ECONOMIC DEVELOPMENT

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

(1) The mandatory withholding tax of ₦7,500.00 and Value Added Tax (VAT) of ₦7,500.00 were not deducted from the payment of ₦150,000.00 made to a contractor for transferring VHF communication base station equipment from the Minister's old office to the new one in

contrary to the provisions of the Financial Regulations. The Permanent Secretary has requested to recover ₦15,000.00 from the contractor involved, furnishing the recovery particulars for audit inspection.

(2) Amounts totalling ₦501,875.00 paid to an officer of the Ministry in February, 1999 to enable him arrange for official advertisement on NTA network and three national newspapers, had no vital supporting documents, such as, receipts, bills, etc attached to the voucher. The Permanent Secretary has been requested to produce the vital documents for inspection, or alternatively recover ₦501,875.00 from the officer involved, furnishing the recovery particulars for audit inspection.

(3) Cash advance of ₦450,000.00 granted to the Secretary to the Honourable Minister of State for Finance in March 1999, for the printing of 3,000 official letter headed papers and 3,000 official envelopes had not been retired by the officer, contrary to the provisions of the Financial Regulations. Furthermore, the Store Receipts Vouchers (SRVs) were not produced for audit inspection to confirm the procurement of the items. I therefore, find it difficult to accept payment as a proper charge against public funds.

(4) Contracts for amounts of ₦3,006,000.00 and ₦2,600,000.00 respectively were awarded to two firms in February 1999 for the supply of 2 motor vehicles and 2 Honda motor cycles to the Ministry, without going through the competitive tender procedures contrary to the provisions of the Financial Regulations. Furthermore, the relevant invoices and stores receipt vouchers (SRV) did not reflect the chassis and engine numbers of the vehicles paid for by the Ministry thus making it difficult for physical audit verification of the vehicles. The Permanent Secretary has been requested to produce these vehicles and their relevant particulars for audit inspection or otherwise, it would be difficult to accept such payments as proper charges against public funds.

(5) Amounts totalling US\$14,462.00 (₦1,256,169.32) were paid in February 1999 for the grading of the air ticket to first class ticket and payment of estacode allowances, contingency and entertainment allowances contrary to extant regulations which stipulate that "officers invited abroad to participate in seminars, meetings, etc. will no longer have their tickets graded to higher class or have their allowances topped up". Further audit scrutiny revealed that the British High Commission invited the then Honourable Minister of Finance and his entourage to attend a Conference on Nigeria being organised by the Department of Trade and Industry in London and scheduled to take place on 25th February, 1999. The British High Commission issued business class air ticket to enable the Minister attend the Conference. Surprisingly, the Ministry paid US\$1,297.00 (₦112,657.42) to up-grade the air ticket to first class contrary to extant regulations. Also the Honourable Minister and his entourage were paid estacode allowances, contingency and entertainment allowance, totalling US\$13,165.00 (₦1,143,511.90) in addition to payments made by the British High Commission to the Minister. I therefore, find it difficult to accept such payments as proper charges against public funds.

(6) Personal advances totalling ₦24,105,388.78 granted to 134 officers of Federal Ministry of Finance between February 1999 and December 1999 to enable them execute certain projects or render some services were not retired even at the time of audit inspection in March 2000. Some of them were granted additional advances without retiring the previous ones. One of the officers was granted 5 advances totalling ₦2,696,551.36 which had not been retired by him 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 advances approved".

Honourable Minister and two officers attend the 1999 annual meeting of the Board of Governors of the Islamic Development Bank held at Jeddah was retired in November 1999 without clearing the amounts of US\$6,787.84 (₦589,591.79) still outstanding against the officer, 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".

(8) Amounts totalling ₦101,208,750.00 were paid as fees to 17 Professional Import Duty Administrators (PIDA) in October 1999 for the collection of import duties between the months of June 1999 and August 1999 without any written contract agreement between PIDA and the Federal Government of Nigeria produced for audit inspection. Furthermore, it is difficult to ascertain the basis for the computation of fees paid to PIDA by the Ministry which would have facilitated the expression of opinion on the expenditure of the sum of ₦101,208,750.00. Also, the Ministry has ignored the previous reports on this issue. I therefore, find it difficult to accept such payments as proper charges against public funds.

(9) Amounts totalling ₦600,000.00 were paid to an officer of the Ministry in May 1999 to enable her supply two lap-top computers to be presented as send off gifts to two outgoing Honourable Ministers of the Ministry, whereas the items were not taken on store ledger charge as required by the provisions of the Financial Regulations. The Permanent Secretary has been requested to produce the vital documents pertaining to the purchase for audit inspection.

(10) A contract sum of ₦500,000.00 was paid to a firm in June 1999 for the furnishing of the official residence of an officer of the Ministry without being processed through the award of contract after competitive tender procedures contrary to the provisions of the Financial Regulations. Furthermore, the furniture items were not taken on store ledger charge as required by the Financial Regulations.

(11) Similarly, a contract sum of ₦900,000.00 was paid to a firm in May 1999 for the removal of 60 computers from the former office at Garki, Abuja and installation of same at the new office complex in Abuja, without being processed through the award of contract after competitive tender procedures, contrary to the provisions of the Financial Regulations. Further audit scrutiny revealed that the firm removed and installed only 56 computers which would attract a contract sum of ₦840,000.00 as against ₦900,000.00 paid to the firm, resulting in overpayment of ₦60,000.00 to be recovered from the firm. The Permanent Secretary has been requested to recover ₦60,000.00 from the firm involved, furnishing recovery particulars for audit inspection.

(12) A contract sum of ₦1,020,000.00 was paid to a contractor in April 1999 for the supply of 6 sets of serving dishes to the Ministry, without being processed through competitive tender procedures, contrary to the provisions of Financial Regulations which stipulate that "all local purchases of stores, etc., and all works and services, costing over ₦500,000.00 must be obtained by contract after public tender".

(13) Refund of out-of-pocket expenses totalling ₦400,000.00 were paid to an officer of the Ministry in April 1999, as reimbursement of expenses incurred in respect of 5 sets of cutlery he supplied to the Honourable Minister's Guest House at the rate of ₦80,000.00 per set. The items were not taken on store ledger charge to confirm that they were actually supplied by the officer. Furthermore, the type of cutlery were not specified to facilitate the determination of appropriate prices for them. Considering the amount involved, the procurement of the items might have been better executed through the issuance of Local Purchase Orders. I therefore, find it difficult

exchange market (AFEM) in respect of tuition fees and allowances of eight Bauchi State indigenes studying abroad, totalling £259,925.00 and US\$88,970.00 whereas approval was given for the purchase of the foreign currencies at official rate. The unilateral action of the Ministry without referring to the approving authority the change from official rate to AFEM rate resulted in avoidable expenditure of ₦34,326,040.00 to the Federal Government of Nigeria. I therefore, find it difficult to accept such payments as proper charge against public funds.

(15) A sum of ₦86,860.00 was paid to an officer of the Ministry in February 1999, accountable contingency and entertainment allowance in favour of the Director-General, Police Co-ordinating Unit of the Ministry who accompanied the Honourable Minister to London to attend a conference there, whereas he was not entitled to such allowance granted only to the Head of delegation who in this case, was the Honourable Minister of Finance. The Permanent Secretary has been requested to recover ₦86,860.00 from the Director-General involved, furnishing the recovery particulars for audit inspection.

(16) Amounts totalling ₦3,039,250.00 paid to an officer of the Ministry in March 1999, to enable him supply Sallah and Easter gifts for the staff of the Ministry had not been accounted for by him, contrary to the provisions of the Financial Regulations. Furthermore, the supplies of the gifts might have been better executed through the award of contracts after competitive tender procedures or through the issuance of Local Purchase Orders. I therefore, find it difficult to accept such payment as proper charges against public funds.

(17) A contract sum of ₦680,000.00 was paid to a contractor between December 1998 and March 1999 for supply of two Panasonic machines FP-7113 to the Ministry, without being processed through competitive tender procedures, contrary to the provisions of the Financial Regulations. Furthermore, the mandatory 5 per cent Value Added Tax (VAT) totalling ₦34,000.00 was not deducted from payments made to the contractor resulting in a loss of revenue to the Federal Government of Nigeria. The Permanent Secretary has been requested to recover the sum of ₦34,000.00 from the contractor involved, furnishing recovery particulars for audit inspection.

(18) Personal advance of ₦140,000.00 granted to an officer of the Ministry was retired in June 1999 without attaching the vital supporting documents, such as receipts, bills, etc., to the retirement voucher. 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 vital documents for audit inspection, or alternatively to recover the amount of ₦140,000.00 from the officer involved, furnishing recovery particulars for audit inspection.

(19) Personal advance of ₦1,135,800.00 granted to an officer of the Ministry to enable him execute certain projects and render some services was retired in October 1999, whereas the projects might have been executed or services rendered through the award of contracts after competitive tender procedures or through the issuance of Local Purchase Orders. Furthermore, amounts totalling ₦506,500.00 were spent on the repairs and overhauling of six vehicles without the replaced vehicle parts returned to the store as required by the provisions of the Financial Regulations.

(20) A contract sum of ₦1,386,000.00 was paid to a contractor in December 1999 for the procurement and installation of the walk-through arch-way and hand metal detector to the entrance of the Honourable Minister of State for Finance Office, Abuja, whereas the equipment had not yet been installed by the contractor. Further audit visit to the site revealed that the equipment was still abandoned in the Office of the Honourable Minister of State and had not yet been installed by the contractor even at the time of audit inspection in October 2000. The Permanent Secretary has been requested to mobilise the contractor to install the equipment

satisfactorily install the equipment and inform me, or alternatively recover the appropriate value of the installation cost from the contractor involved, furnishing me with recovery particulars. Also, inform me of appropriate disciplinary action taken against the officers who certified the payment, prior to the installation.

(21) A contract sum of ₦467,000.00 was paid to a company in December 1999 for the supply of computer accessories, whereas the items were not taken on store ledger charge to confirm the supply of them. The Permanent Secretary has been requested to produce the items and relevant documents involved, or alternatively to recover ₦467,000.00 from the company involved, furnishing me with recovery particulars for audit verification.

(22) A contract sum of ₦7,280,830.00 was fully paid to a contractor in August 1999 for the construction of hard landscape lawn tennis courts at Wuse Support Facilities, Abuja, whereas the project was not satisfactorily executed by him. Further audit scrutiny revealed that the initial contract sum of ₦5,525,000.00 was later reviewed upwards to ₦7,280,830.00 resulting in an increase of ₦1,755,830.00. The basis for the review was not disclosed during the inspection, neither was there any evidence to prove that the review was approved by the relevant Tenders Board of the Ministry. It would be relevant to recall that my previous audit report on the same project revealed that the construction work was poorly executed by the contractor. Whereas provisions were made for steel fabric reinforcement, the contractor only sand-filled the courts and covered the sand with thin layer of cement. Provisions were also made for the supply and installation of 150mm diameter standard galvanised steel lamp post and accessories, but these were not erected there, even with the upward review of the contract sum as well as the full payment made to the contractor. Furthermore, audit visit to the site revealed that the lawn tennis court had cracked as a result of poor construction work and to the extent that it could not be utilised for the purpose for which it was originally conceived by the Ministry. Also, the private architect employed by the Ministry, instead of requesting for the services of experienced and competent engineers from the Federal Ministry of Works and Housing, to certify projects for satisfactory completion did not help matters, as jobs were certified for full payment when they were not satisfactorily completed by the contractor. The Permanent Secretary has been requested to mobilise the contractor involved to site with a view to satisfactory completion of the project, or alternatively recover the appropriate value of the works not done from the contractor.

(23) An amount of ₦960,000.00 was paid to a contractor in August 1999, for the supply of domestic and kitchen equipment to the official residence of the Honourable Minister of State for Finance, whereas the contract was not processed through the competitive tender procedures, contrary to the provisions of the Financial Regulations which stipulate that "all works and services costing over ₦500,000.00 must be obtained by contract after public tender"

(24) An amount of ₦840,000.00 was paid to a contractor in October 1999, for the supply of one set of Italian Settee to the residence of the Permanent Secretary of the Ministry, without being processed through the competitive tender procedures, contrary to the provisions of the Financial Regulations. Furthermore, the set of settee was not taken on store ledger charge to confirm the supply by the contractor. I therefore, find it difficult to accept the payment as a proper charge against public funds.

(25) An amount of ₦489,000.00 was paid to a contractor in December 1999, for the supply of furniture items to the official residence of the Legal Adviser in Abuja, whereas the items were

stipulate that "expenditure will be classified strictly in accordance with the estimates and vote 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".

(26) A sum of ₦10,000,000.00 was voted and released for the purpose of development Registry in 1999. However, the entire amount was expended for other purposes other than Registry development without authority, contrary to the provisions of the Financial Regulations.

(27) Similarly, a sum of ₦19,583,333.67 was voted and released for the establishment of a printing press in 1999, whereas the entire amount was diverted to other purposes other than establishment of the printing press without authority, contrary to the provisions of Financial Regulations. This therefore, amounted to misapplication of funds.

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

BUDGET OFFICE

121. The audit examination of accounts and other records maintained at the Budget Office, Federal Ministry of Finance, Abuja, revealed that:

(a) Amounts totalling ₦1,439,068.10 paid to NITEL Plc and NEPA representing settlement of services rendered to the Ministry by them had no vital documents, such as NITEL and NEPA bills, etc. attached to the payment vouchers 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 bills with which to authenticate the transactions.

(b) Withholding tax totalling ₦996,162.50 was not deducted from payments made to consultants and one printing company between August 1999 and December 1999 resulting in loss of revenue to the Federal Government of Nigeria. Efforts should be made to recover the amounts from the 7 consultants and the printing company.

(c) Twenty different store items valued at ₦2,442,100.00 retrieved from the official residence of the former Permanent Secretary of the Ministry now retired, could not be produced for audit inspection. Further investigations revealed that the items have been distributed to some staff of the Office without proper documentation, thereby making it difficult to trace them to their various current locations and users. Normally, items retrieved from the residence of retired people are legitimate store items, which must be taken on charge, their issuance of which must pass through proper store records for accountability. The failure of the store section of the Office to take the items on charge before distribution to some members of staff as claimed, makes it doubtful whether these items had not indeed been converted to their personal use by the store officers. The Permanent Secretary has been requested to produce the stores items or alternatively recover the appropriate value of the items from the officers involved furnishing with the recovery particulars for audit inspection.

(d) Personal advances for amounts totalling ₦7,670,310.60 granted to 16 members of staff of the Budget Office between February 1999 and December 1999 to enable them render some services. Charges against public funds. The Permanent Secretary has been requested to recover the sum of ₦15,000,000.00 from the contractor involved furnishing me with recovery particulars for audit verification; and ensure that appropriate disciplinary action is taken against all the officers involved in the transaction.

(e) A contract sum of ₦15,000,000.00 was paid to a Lagos-based contractor in May 1999 for the verification and authentication of pension liabilities being paid by Office of Establishments and Management Services to the federal pensioners throughout the States of the Federation, whereas the same verification and authentication had already been completed satisfactorily and submitted to the Budget Office by the Office of Establishments and Management Services before the award of contract to the contractor.

However, audit scrutiny of the supporting documents to the payment vouchers revealed that the Office of Establishments and Management Services which had the responsibility to undertake the exercise on behalf of the government did apply for funds and got approval for a colossal sum of ₦20,000,000.00 from the Budget Office. The Office of Establishments and Management Services duly carried out the work as expected and thereafter submitted a list and requested for funds from the Budget Office to pay the already identified pensions beneficiaries.

Instead of the funds being given to the Office of Establishments and Management Services, the Budget Office decided to pay the pensioners directly. It was noted with interest that request for funds by the Office of Establishments and Management Services to the Budget Office to pay the pensioners was accompanied by the list of already identified beneficiaries (pensioners). Since the Budget Office decided to make the payments themselves, it was expected that the list of pensioners already submitted by the Office of Establishments and Management Services for this purpose should have been relied upon for the exercise as the Budget Office was only interested in making the payments in conjunction with the officials of the Office of Establishments and Management Services. It was therefore highly surprising to find out that the consultant mentioned above was contracted for the sum of ₦15,000,000.00 to again carry out a similar work already done very satisfactorily by an accredited and credible government agency—Office of Establishments and Management Services.

Audit scrutiny of a correspondence between the Assistant Director "Recurrent" and the then Director of Expenditure of the Budget Office, now retired, revealed that the consultant claimed to have done 80 per cent of the work at the point of signing the letter of agreement/engagement on 5th May, 1999, which was a contractual document, and subsequently was paid the sum of ₦12,000,000.00 on 27th May, 1999, after only two days interval from the date of signing the formal contract agreement. It is difficult to believe that a consultant could execute a job on behalf of the Federal Government without a valid binding contract agreement or initially identifying the cost and other terms of the contract.

Further audit investigation revealed that the information earlier compiled by the Office of the Establishments and Management Services on federal pensioners was the one used by the consultant, implying therefore that the consultant was probably used to deprive the government of its scarce resources. This is buttressed by the fact that from all available records and documents examined, no survey was ever carried out by this consultant throughout the Federation to justify the huge sum of ₦15,000,000.00 he collected from the government. This appeared to be an expenditure not represented by any known services rendered by the consultant to the Federal Government of Nigeria, and as such, I therefore, find it difficult to accept such payment as proper charges against public funds. The Permanent Secretary has been requested to recover the sum of ₦15,000,000.00 from the contractor involved furnishing me with recovery particulars for audit verification; and ensure that appropriate disciplinary action is taken against all the officers involved in the transaction.

FEDERAL INLAND REVENUE SERVICE

122. At the Federal Inland Revenue Service (FIRS) Headquarters, Abuja, it was observed that

(i) Nine (9) cheques for amounts totalling 4,918,029.64 issued between December 1997, May 1999 had become stale and should have been written back to chest but rather were reflected as unpresented cheques as at 31st December, 1999.

(ii) Similarly, four (4) cheques used in collecting revenue for various amounts totalling ₦1,420,000.00 which in December 1997 were for taxes collected by the Federal Inland Revenue Service were not paid to the relevant Bank account and had as a result become stale. Effort should be made to redeem the amounts involved through the issuance of new cheques.

2. (i) Forty-two (42) Payment Vouchers for amounts totalling ₦14,614,650.00 paid between April 1999 and November 1999 were not produced for audit inspection in spite of repeated demands for them. As I cannot therefore satisfy myself that the payments involved were proper charges against public funds, the Chairman has been requested to produce the payment vouchers for an examination.

(ii) Similarly, seven (7) receipt vouchers for amounts totalling ₦167,376,766.67 issued between April 1999 and December 1999 were not produced for audit inspection in spite of repeated demands for them. On account of this, it is difficult to accept that the revenue collected had been accounted for through payment to the relevant government account.

3. Two (2) Payment Vouchers for amounts totalling ₦6,448,050.00 paid on 3rd August, 1999 had no vital supporting documents, such as receipts, bills, invoices, etc. attached to them required by the provisions for the Financial Regulations. I therefore, find it difficult to accept such payments as proper charges against public funds.

4. Ten (10) Payment Vouchers for amounts totalling ₦10,713,500.00 used in paying various landlords in October 1999 for rents acclaimed on rented properties were not signed by landlords as required by the provisions of the Financial Regulations. The Chairman has been requested to get the vouchers signed by the landlords as otherwise the payments would not be regarded as authentic.

5. Non-personal advances for amounts totalling ₦968,775.00 granted to 7 members of staff of the Federal Inland Revenue Service between 30th July, 1999 and 13th December, 1999 to enable them render some services were not retired even as at the time of audit inspection in June 2000, where 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. Effort should be made to get the advances retired.

123. At the Area Tax Office, Wuse, Abuja, it was revealed that

(i) Amounts totalling ₦35,755,873.54 representing company income taxes collected and remitted to the Central Bank of Nigeria (CBN) by Five (5) designated Banks between 16th March, 1999 and 31st August, 1999 could not be traced into the Central Bank of Nigeria (CBN) Statements of Accounts for Federal Inland Revenue Service made available for audit inspection.

(ii) Amounts totalling ₦1,203,473.71 representing company income tax collected from various companies by one of the designated banks and claimed to have been remitted to the Central Bank of Nigeria (CBN) on 17th September, 1999 could not be traced into the Central Bank of Nigeria (CBN) Statements of Accounts for Federal Inland Revenue Service made available for audit inspection.

(iii) Amounts totalling ₦42,191,650.66 representing Withholding Tax collected through 3 designated banks and claimed to have been remitted to the Central Bank of Nigeria (CBN) between August 1999 and December 1999 could not be traced into the Central Bank of Nigeria (CBN) Statements of Accounts for Federal Inland Revenue Service made available for audit inspection.

(iv) Central Bank of Nigeria (CBN) Statements of Accounts for Federal Inland Revenue Service for the period January 1999 to December 1999 were not produced for audit inspection in spite of repeated demands for them. The Chairman has been requested to produce them for audit inspection, so as to facilitate the reconciliation of the amounts collected by the designated banks with the amounts claimed to have been paid to the Central Bank of Nigeria.

(v) Amounts totalling ₦37,076,381.35 representing Value Added Tax collected by 4 designated banks between 17th May, 1999 and 24th September, 1999 could not be traced into the Central Bank of Nigeria (CBN) Statements of Accounts for Federal Inland Revenue Service made available for audit inspection.

(vi) At the local VAT Office, Wuse, amounts totalling ₦165,656,931.66 representing revenue from Value Added Tax collected 30th October, 1999 by one of the designated banks were withheld by it and were not remitted to the Central Bank of Nigeria (CBN) until 17th February, 2000 (a period of about 4 months) contrary to the provisions of VAT Decree No. 102 of 1993. The Chairman has been requested to impose the necessary penalty or sanction on the bank as provided for in the VAT Decree, and furnish the particulars of the penalty paid for verification.

(vii) At the local VAT office, Wuse, all collections paid to the Central Bank of Nigeria for the 1999 financial year, could not be reconciled with the remittances schedules of the designated banks because the Central Bank of Nigeria Statements were not made available for inspection. The Chairman has therefore been requested to produce the Central Bank of Nigeria Statements to enable me confirm that the revenue collected were actually paid into the relevant accounts at the Central Bank of Nigeria and at the appropriate time.

124. At the Apapa Local VAT Office, Lagos, it was observed that:

(i) Fourteen (14) duly registered companies failed to render their monthly returns of Value Added Tax (VAT) and they were not assessed for payment of the required VAT in 1999 assessment year on "Best of Judgment" basis (BOJ) in accordance with the provisions of VAT Decree 102 of 1993 which stipulate that taxable persons, or companies that failed to render VAT returns shall be assessed on "Best of Judgment" basis. The Chairman has been requested to confirm that the companies have now rendered all their Monthly Returns of VAT, and that they have been assessed accordingly or confirm that the "Best of Judgment" basis of assessment has been applied for the companies involved forwarding relevant VAT payment receipts particulars for audit verification.

(ii) Eleven (11) duly registered companies for VALUE ADDED TAX which failed to submit their audited accounts and Annual Tax Returns between 1991 and 1999 assessment years were not assessed on "Best of Judgment" basis. The Chairman has been requested to confirm that the 11 affected companies have now been properly assessed, furnishing the relevant receipt particulars for the payment of their tax liabilities for audit verifications.

(iii) Amounts totalling ₦4,824,914.84 representing Value Added Tax collected by four (4) designated banks between June 1999 and December 1999 and said to have been remitted to the Central Bank of Nigeria (CBN) could not be traced into the Central Bank of Nigeria (CBN) Statements of Accounts for Federal Inland Revenue Service made available for audit inspection.

(iv) Remittances schedules for amounts totalling ₦4,834,443.71 representing Value Added Tax (VAT) collected by one of the designated banks from various companies between 10th August, 1998 and 4th September, 1999 were not produced for audit inspection. On account of this, it was difficult to confirm whether the amounts said to have been collected had been paid to the Central Bank of Nigeria.

125. At the Lagos Central Local VAT Office, Lagos, it was observed that:

(i) Thirty (30) duly registered companies failed to render their monthly returns of Value Added Tax between 1995 and 1999 and they were not duly assessed for payments of required VAT between 1995 and 1999 on "Best of Judgment" (BOJ) basis in accordance with the provisions of VAT Decree 102 of 1993 which stipulate that vatable persons or companies that failed to render VAT Returns shall be assessed on "Best of Judgment basis". The Chairman has been requested to confirm that the companies have now rendered all their monthly returns of VAT and that they have been assessed accordingly or that "Best of Judgment basis" of assessment has been applied for the companies, forwarding relevant VAT payment receipts particulars for audit verification.

(ii) Amounts totalling ₦3,132,671.28 representing Value Added Tax collected during the period under review and remitted to the Central Bank of Nigeria (CBN) could not be traced into the Central Bank of Nigeria (CBN) Statements of Account for Federal Inland Revenue Service made available for audit inspection.

126. At the Obalende Local VAT Office, Lagos, it was observed that:

(i) Five (5) registered companies failed to render their monthly returns of Value Added Tax (VAT) between 1994 and 1996 and they were not assessed for payment of required VAT between 1994 and 1996 on "Best of Judgment basis" (BOJ) in accordance with the provisions of VAT Decree 102 of 1993 which stipulated that vatable persons or companies that failed to render VAT returns shall be assessed on "Best of Judgment basis". The Chairman has been requested to confirm that the companies have now rendered all their Monthly Returns of VAT and they have been assessed accordingly or that "Best of Judgment basis" of assessment has been applied to the companies, forwarding relevant VAT payment receipts particulars for audit verification.

(ii) A company had Value Added Tax under-payments totalling ₦51,426.41 in October 1998 as the company paid an amount of ₦143,228.80 instead of the sum of ₦194,654.49 payable. The Chairman has been requested to recover the amount with the appropriate penalty and interest from the company involved for unlawfully withholding Government revenue and forward the recovery particulars for audit verification.

127. At the Surulere Local VAT Office, Lagos, it was observed that:

(i) Twenty-five (25) registered companies failed to render their monthly returns of Value Added Tax between January 1994 and September 1999 and they were not duly assessed for payment of required VAT on "Best of Judgment" (BOJ) basis in accordance with the provisions of VAT Decree 102 of 1993 which stipulate that vatable persons or companies that failed to render VAT returns shall be assessed on "Best of Judgment" basis. The Chairman has been requested to confirm that the companies have now rendered all their monthly returns of VAT and that have been assessed accordingly, or that "Best of Judgment" basis of assessment has been applied for the companies, forwarding relevant VAT payment receipt particulars for audit verification.

(ii) Amounts totalling ₦75,000.00 were not imposed as penalties on a company for late

remittance of VAT it collected between May 1998 and December 1999, whereas the provisions of VAT Decree 102 of 1993 stipulate that failure to remit VAT payments on the due dates of payment and within 30 days of collection is a serious offence which will attract penalty and interest at commercial rates. The Chairman has been requested to impose the required penalties, and recover ₦75,000.00 involved from the company, furnishing the recover particulars for audit verification.

(iii) A company claimed and deducted Input Tax totalling ₦235,185.90 from Output Tax collected by it between January 1999 and December 1999, whereas the provisions of VAT Information Circular No. 9503 of 1st December, 1995 stipulate that companies or banks cannot claim Input VAT which could usually wipe out its output tax. The Chairman has been requested to recover a total amount of ₦235,185.90 from the company, and forward recovery particulars for audit verification.

128. At the Lagos Island Area Tax Office, Lagos, it was observed that:

(i) Capital allowances for amounts totalling ₦666,826,563.40 granted to 6 companies in 1999 assessment year for acquisition of additional fixed assets by the Tax Inspectors of Lagos Island Area Office had no supporting documents, such as receipts for purchase of the assets, and the Federal Ministry of Industries Certificate of acceptance to justify the allowances. The Chairman has been requested to urge the companies to produce the relevant supporting documents submitted by the 6 companies or alternatively to add back capital allowances for additional tax assessments, while imposing the applicable penalties, and quoting the relevant particulars for additional tax payments for audit verification.

(ii) Forty (40) duly registered companies which failed to submit their audited accounts and file their Annual Tax Assessment Returns between 1990 and 1999 assessment years were not assessed on "Best of Judgment" basis. The Chairman has been requested to confirm that the affected 40 companies have now been properly assessed, furnishing me with the relevant receipt particulars for the payment of their tax liabilities for audit verification.

(iii) Arrears of Company Income Tax totalling ₦136,925,518.10 for 1999 assessment year still remained uncollected from 28 companies as at the time of audit inspection in July 2000. The Chairman has been requested to recover the outstanding taxes with the appropriate penalties and interests from the defaulting companies, and furnish me with the recovery particulars for audit verification.

(iv) Amounts totalling ₦23,578,110.09 based on "Best of Judgment" (BOJ) basis of assessment raised on 35 companies for 1999 assessment year still remained uncollected as at the time of the audit inspection in July 2000. The Chairman has been requested to confirm that these arrears of revenue have now been collected with the appropriate penalties, sanctions and interests by furnishing me with their relevant receipt particulars for audit verification.

(v) An insurance company was observed to have outstanding tax arrears of ₦11,146,925.91 as at 31st December, 1999 which remained uncollected as at the time of audit inspection in July 2000. It was found that the company had not been paying company income tax since 1990. The Chairman has been requested to confirm that the amount has now been recovered from the company quoting recovery particulars for audit verification.

(vi) Amounts totalling ₦9,642,087.05 representing Company Income Tax assessment of 2 companies for 1999 assessment year were not posted into their Kalamazoo cards at the Lagos Island Area Tax Office, Lagos. Efforts should be made to get the assessments posted to the Kalamazoo cards.

(vii) Amounts totalling ₦343,295,829.70 representing Company Income Tax collected and

remitted to the Central Bank of Nigeria (CBN) by 3 designated banks between 5th March, 1999 and 7th September, 1999 could not be traced into the Central Bank of Nigeria (CBN) Statements of Account for Federal Inland Revenue Service. Efforts should be made to reconcile the income tax remittance schedules with the Central Bank of Nigeria Statements.

129. At the Victoria Island Local VAT Office, Lagos, it was observed that :

(i) Twelve (12) registered companies failed to render their monthly returns for Value Added Tax since the date they were registered. At the same time, they were not duly assessed in accordance with the provisions of VAT Decree 102 of 1993 which stipulate that vatable persons or companies that failed to render VAT returns shall be assessed on "Best of Judgment" (BOJ) basis and that the necessary penalties shall be imposed as prescribed.

(ii) Thirty (30) registered companies have failed to render their monthly VAT returns regularly and they were also not assessed on "Best of Judgment" (BOJ) basis as required by the provisions of VAT Decree 102 of 1993, which stipulate that vatable persons or companies that failed to render VAT returns shall be assessed on "Best of Judgment" (BOJ) basis. The Chairman has been requested to confirm that the forty-two (42) companies have now rendered all their monthly returns of VAT and that they have been assessed accordingly or alternatively that "Best of Judgment" basis of assessment has been applied for the companies, forwarding relevant VAT payment receipt particulars for audit verification.

(iii) Three (3) companies had Value Added Tax under-payments totalling ₦616,106.34 in 1998 and 1999. The Chairman has been requested to recover the amount with appropriate penalties and interests from the companies involved, and forward the recovery particulars for audit verification.

(iv) Amounts totally ₦19,864,128.01 representing Value Added Tax collected by 3 designated banks between August 1999 and December 1999, and claimed to have been remitted to the Central Bank of Nigeria (CBN) could not be traced into the Central Bank of Nigeria (CBN) Statements of Accounts for Federal Inland Revenue Service made available for audit inspection. Efforts should be made to carry out the necessary reconciliation of the amounts involved.

(v) Three (3) companies failed to disclose the cost of the vatable items or services rendered by them and thereby made it difficult to determine the correctness or otherwise of VAT collected and remitted to Central Bank of Nigeria (CBN) by these companies. The costs of the taxable services they rendered should be determined so as to confirm the correctness of the VAT collected and remitted to the Central Bank of Nigeria.

130. At the Federal Inland Revenue Service, Stamp Duties Office, Mosaic House, Lagos, it was observed that :

(i) Amount totalling ₦84,887.50 featuring in the Manifest Schedules were not posted into the Manifest Register.

(ii) At the Petroleum Profit and Pioneering Department, Lagos, it was observed that :

(a) Arrears of Company Income Tax totalling ₦155,570,838.18 for 1999 assessment year still remained uncollected from 15 companies as at the time of audit inspection in October 2000. The Chairman has been requested to recover the outstanding tax with the appropriate penalties and interests from the defaulting companies, and furnish me with the recovery particulars for audit verification.

(b) Amounts totalling ₦100,877,996.20 representing Company Income Tax collected and remitted to the Central Bank of Nigeria (CBN) by 3 designated banks between March 1999 and

November 1999 could not be traced to the Central Bank of Nigeria Statements of Account of Federal Inland Revenue Service. The matter is under correspondence with the Chairman.

131. At the Local VAT Office, Isolo, Lagos, it was observed that

(i) Out of a total amount of ₦572,902.10 representing VAT collected by one designated bank, only ₦571,756.60 was remitted to the Central Bank of Nigeria (CBN) leaving an outstanding balance of ₦1,145.80 still with the bank. The Chairman has been requested to recover ₦1,145.80 from the bank involved, and furnish me with the recovery particulars for audit verification.

(ii) Thirteen (13) duly registered companies failed to render their monthly returns of Value Added Tax (VAT) and they were not assessed for payment of required VAT between March 1998 and December 1999 on "Best of Judgment" (BOJ) basis in accordance with the provisions of VAT Decree 102 of 1993 which stipulate that taxable persons or companies that failed to render VAT returns shall be assessed on "Best of Judgment" basis. The Chairman has been requested to confirm that the companies have now rendered all their Monthly Returns on VAT, and that they have been assessed accordingly or that "Best of Judgment" basis of assessment has been applied for the companies, forwarding relevant VAT payment receipts particulars for audit verification.

(iii) Three (3) duly registered companies rendered their VAT monthly returns between the months of October and December 1999 without the completion of Form 002 to indicate the actual VAT collected by the companies. The Chairman has been requested to confirm that Form 002 have now been completed by the companies involved, and inform me accordingly.

(iv) Four (4) companies rendered Nil Monthly Returns for Value Added Tax for 1999 assessment year and they were not assessed for payment of VAT for the period. The Chairman has been requested to investigate the accounts of the companies to confirm the genuineness of their claims and inform me accordingly.

(v) Penalties arising from late rendition of Value Added Tax monthly returns for 1999 totalling ₦537,439.63 have not been recovered from 5 companies by the Isolo Local VAT Office of the Federal Inland Revenue Service contrary to the provisions of Decree 102 of 1993. The Chairman has been requested to ensure that the outstanding amount has been collected from the companies, quoting relevant receipt particulars for audit verification.

(vi) Thirty (30) files were not produced for audit examination and as such the monthly returns rendered by the companies or their assessments cannot be certified by me as being correct or otherwise. The Chairman has been requested to produce the 30 companies tax assessment files for audit examination.

132. At the Local VAT Office, Ikeja, Lagos, it was observed that :

(i) Amounts totalling ₦25,366,963.12 representing Value Added Tax paid by 4 designated banks between March 1999 and February 2000 and remitted to the Central Bank of Nigeria could not be traced into the Central Bank of Nigeria (CBN) Statements of Accounts of Federal Inland Revenue Service made available for audit inspection. The matter is under correspondence with the Chairman.

(ii) Eighteen (18) duly registered companies have failed to render their monthly returns of Value Added Tax (VAT) regularly and they were not assessed for payment of required VAT in 1999 assessment year on "Best of Judgment" (BOJ) basis in accordance with the provisions of VAT Decree which stipulate that vatable persons or companies that failed to render VAT Returns shall be assessed on "Best of Judgment" basis. The Chairman has been requested to confirm that the companies have now rendered all their Monthly Returns of VAT, and that they have been assessed

accordingly, or that "Best of Judgment" basis of assessment has been applied for the companies forwarding relevant VAT payment receipt particulars to me for audit verification.

133. At Local VAT Office, Alaba, Lagos, it was observed that :

(i) Amounts totalling ₦48,620.00 were shown between January 1999 and July 1999 as differences between the amounts of VAT entered in the daily manifest and the weekly remittances schedules. The Chairman has been requested to reconcile the differences and inform me accordingly.

(ii) Amount totalling ₦490,798.44 representing Value Added Tax collected by 3 designated banks between 21st May, 1999 and 11th December, 1999 could not be traced into the Central Bank of Nigeria Statements of Account for Federal Inland Revenue Service made available for audit inspection and the amounts were equally not seen in the weekly remittance schedules. Urgent steps should be taken to carry out the necessary reconciliation.

(iii) Ten (10) duly registered companies failed to render their monthly returns of Value Added Tax (VAT) and they were not assessed for payments of required VAT in 1999 assessment year on "Best of Judgment" (BOJ) basis in accordance with the provisions of VAT Decree 102 of 1993 which stipulate that taxable persons or companies that failed to render VAT returns shall be assessed on "Best of Judgment" basis of assessment. The Chairman has been requested to confirm that the companies have now rendered all their Monthly Returns of VAT and they have been assessed accordingly, or that the "Best of Judgment" basis of assessment has been applied for the companies, forwarding relevant VAT payment receipt particulars for audit verification.

134. At the Withholding Tax Office, Ebute-Metta, Lagos, it was observed that :

(i) Amount totalling ₦11,738,608.02 collected as withholding tax by 5 designated banks between 1st March and November 1999 could not be traced into the Remittances Schedules even at the time of audit in October 2000. The Chairman has been requested to confirm with relevant receipt particulars that the amount had been paid to the Central Bank of Nigeria.

(ii) Amounts totalling ₦770,603.89 representing withholding tax collected by one of the designated banks between 22nd October and 9th December, 1999 could not be traced into the Central Bank of Nigeria (CBN) Statements of Account of Federal Inland Revenue Service made available for audit inspection, though the amounts were seen in the Remittances Schedules. Urgent steps should be taken to ensure that the amounts are traced to the Central Bank of Nigeria Statements of Account.

(iii) Withholding tax payments made in foreign currencies were usually muddled up and lumped together by the Central Bank of Nigeria hereby making it difficult to relate directly the respective amounts paid to each tax payer. On account of this, it was equally difficult to examine thoroughly the records of withholding tax payments made in foreign currencies. Efforts should therefore be made to separate these payments so that the respective amounts paid by each tax payer could be easily traced, identified and properly accounted for.

135. At the Ilupeju Local VAT Office, Lagos, it was observed that amounts totalling ₦33,134,428.60 representing Value Added Tax collected by 3 designated banks between 19 February and 2nd August, 1999 and remitted to the Central Bank of Nigeria (CBN) could not be certified by me because the Central Bank of Nigeria (CBN) Statements of Account for the Federal Inland Revenue Service were not made available to me for audit inspection. The Chairman has been requested to produce them for audit inspection.

136. At the Lagos Mainland Area Tax Office, Ilupeju, Lagos, it was observed that :

(i) Sixteen (16) Company Income Tax Receipt Booklets with serial numbers ITA 645818-11

646222 issued to Lagos Mainland Area Tax Office, Ilupeju in May 1999 could not be produced for audit examination at the time of audit inspection in October 2000. The Chairman has been requested to produce the receipt booklets for audit verification.

(ii) Company Income Tax for amounts totalling ₦67,558,287.37 collected by one of the designated banks between 18th March and 11th June, 1999 and which reflected in the daily manifest, could not be traced into the Weekly Remittance Register to the Central Bank of Nigeria. The matter is under correspondence with the Chairman.

(iii) "Best of Judgment" (BOJ) basis of assessment for a total amount of ₦3,677,986.94 raised on 25 companies for 1999 assessment year still remained uncollected as at the time of audit inspection in October 2000. The Chairman has been requested to confirm that these arrears of revenue have now been collected with the appropriate penalties and interests by furnishing me with the relevant receipt particulars for audit verification.

(iv) Eighteen (18) duly registered companies which failed to render their audited accounts and Annual Tax Returns between 1995 and 1999 assessment years were not assessed on "Best of Judgment" basis. The Chairman has been requested to confirm that the affected 18 companies have now been properly assessed, furnishing me with the relevant receipt particulars for the payment of their tax liabilities for audit verification.

(v) Sixty-seven (67) company files were not produced for examination and as such the Monthly Returns rendered by the companies or their assessments cannot be certified by me as being correct or otherwise.

137. At the Petroleum Profit and Pioneering Department, Lagos, it was observed that :

(i) Twenty-six (26) duly registered companies which failed to render their audited accounts and Annual Tax Returns between 1994 and 1999 assessment years were not assessed on "Best of Judgment" basis. The Chairman has been requested to confirm that the affected 26 companies have now been properly assessed, furnishing me with the relevant receipt particulars for the payment of their tax liabilities for audit verification.

(ii) Expenses amounting to ₦23,366,345.00 which were charged to Profit and Loss Accounts of 9 companies in 1999 were not supported with evidence of withholding tax deducted at source. The Chairman has been requested to produce evidence of withholding tax submitted by the companies, or add back the expenses to the companies profits for additional tax assessment of the companies concerned.

(iii) Arrears of Company Income Tax totalling US\$363,810,869.00 for 1999 assessment year still remained uncollected from 3 companies as at the time of audit inspection in October 2000. The Chairman has been requested to recover the outstanding tax with the appropriate penalties and interests from the defaulting companies, and furnish me with the recovery particulars for audit verification.

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

138. (i) Arrears of Company Income Tax totalling ₦41,143,032.23 for 1999 assessment year still remained uncollected from 17 companies as at the time of audit inspection in December 2000. The Chairman has been requested to recover the outstanding taxes with the appropriate penalties and interests from the defaulting companies, and furnish me with the recovery particulars for audit verification.

(ii) Forty (40) duly registered companies which failed to submit their audited accounts for assessment between 1989 and 1999 assessment years were not assessed on "Best-Of-Judgement" basis. The Chairman has been requested to confirm that the affected 40 companies have now

rendered all their audited accounts and that they have been assessed accordingly or that "Best-Of-Judgment" assessment has been applied to the defaulting companies, furnishing me with recovery particulars for audit verification.

(iii) Expenses amounting to ₦981,200.00 which were charged to Profit and Loss Accounts of 3 companies in 1999 were not supported with evidence of withholding tax deductions at source. The Chairman has been requested to produce evidence of withholding tax submitted by the companies, or otherwise add back the expenses to the companies profits for additional tax assessment of the companies concerned.

(iv) Amounts totalling ₦253,800.00 raised by "Best-Of-Judgement basis" (BOJ) of assessment on 11 companies for 1999 assessment year still remained uncollected as at the time of the audit inspection in December 2000. The Chairman has been requested to confirm that these arrears of revenue have now been collected with the appropriate penalties and interests by furnishing me with the relevant receipt particulars for audit verification.

(v) Amounts totalling ₦578,132.74 representing Company Income Tax collected and remitted to the Central Bank of Nigeria (CBN) by 3 designated banks in 1999 could not be traced into the Central Bank of Nigeria Statements of Accounts of Federal Inland Revenue Service. The matter has been taken up with the Chairman and his reaction is being awaited.

(vi) Capital allowances totalling ₦5,906,389.00 granted to 2 companies in 1999 assessment year for acquisition of additional fixed assets by the Tax Inspectors of Ikeja Area Tax Office, had no supporting documents, such as, receipts for purchase of the assets, and the Federal Ministry of Industry's Certificate of Acceptance to justify the allowances. The Chairman has been requested to produce the relevant supporting documents submitted by the 2 companies or alternatively add back the capital allowances for additional tax assessments and with the applicable penalties quoting the relevant particulars for additional tax payments for audit verification.

139. While examining the accounting records maintained at the Federal Inland Revenue Service, Jalingo, it was observed that 2 revenue receipts numbers 334300 and 334350 of October 1998 for ₦107,500.00 and ₦848,750.00 respectively, were not produced for my inspection.

The Chairman has been requested to produce the revenue receipts for my inspection and his response is being awaited.

140. A loss of ₦76,783.00 cash and ₦20,241.06 cheques at the Federal Inland Revenue Service, Yola through burglary was reported. The Area Tax Controller's safe was reported to have been forced open by thieves on 29th November, 1999. The money was meant for the payment of November 1999 salary of the Mubi Branch staff.

The Chairman is yet to furnish me with all the relevant documents. The matter is under correspondence.

141. At the Federal Inland Revenue Service, Owerri, it was observed that amounts totalling ₦15,546,120.53 and ₦1,605,912.20 representing arrears of revenue from Company Income Tax and Education Levy between 1995 and 1999 respectively, remained uncollected as at the time of audit in March 2000.

The Chairman has been requested to recover the arrears with the appropriate penalties from the erring companies and furnish me with the recovery particulars for verification. His response is being awaited.

142. (a) At the Federal Inland Revenue Service, Uyo, it was observed that arrears of revenue

totalling ₦3,206,901.04 representing Company Income Tax due from 1994 to 1998 assessment years still remained uncollected as at the time of audit inspection in February 2000.

(b) Also, at the Area Tax Office, Uyo, it was observed that amounts totalling ₦235,182.40 being VAT collected from 8 companies between 4th and 12th January, 1999 and remitted to the Central Bank of Nigeria by a designated bank on 13th January, 1999, could not be traced into the CBN Statement of Account of the Federal Inland Revenue Service.

The Chairman has been requested to recover the outstanding tax with the appropriate penalties and interests from the defaulting companies and furnish me with the recovery particulars for verification.

143. At the Federal Inland Revenue Service, Jos, the audit examination of the accounting records revealed that:

(a) A former member of staff who left the service for further studies in December 1998 was paid her salary from January 1999 to March 2000 thus resulting in an overpayment of ₦61,416.83. The amount should be recovered from the former officer or the officer who approved such payments.

(b) Two (2) used revenue receipt booklets serial numbers 575501-575525 and 575651-575675 were not produced for my inspection. It is therefore, difficult to ascertain if the receipts were genuinely used for the Government.

(c) An amount of ₦32,800.00 was paid to the Federal Inland Revenue Service by the Federal Staff Clinic as its share of the electricity supplied to it by the Area Office of the Federal Inland Revenue Service. As all the payments to NEPA were made from the Vote of the Revenue Service, the amount of ₦32,800.00 paid by the Federal Staff Clinic did not reflect in the Cash Book of the Federal Inland Revenue Service.

The issues have been communicated to the Chairman, Federal Inland Revenue Service whose comments are being awaited.

144. During the audit inspection at the Federal Inland Revenue Service, Bauchi, it was discovered that two Yamaha motor cycles allocated to the office in 1994 with registration numbers RB 222FG and RB 221 FG were said to have been stolen from the possession of a staff on 3rd April and 6th April, 1998 respectively. It is surprising that, up till the time of audit visit in September 1999, the incidents have not been officially reported in accordance with the provisions of the Financial Regulations.

The issue has been communicated to the Chairman, Federal Inland Revenue Service and his response is being awaited.

145. During the audit examination of the accounting records maintained at the Federal Inland Revenue Service, Enugu, it was observed that 7 companies had outstanding tax arrears totalling ₦680,782.86 from 1994 to 1998 and these amounts were yet to be paid as at the time of inspection in October 1999.

The Chairman has been requested to confirm that the amounts have now been recovered from the companies, quoting recovery particulars for my verification. His response is being awaited.

146. At the Federal Inland Revenue Service, Akure, it was observed that arrears of revenue totalling ₦51,937,163.19 comprising ₦48,631,399.31 company income tax arrears as at June 1999 and ₦3,303,763.88 education tax arrears as at March 1999 were yet to be collected from various companies in Ondo and Ekiti States.

The Chairman has been requested to recover these arrears of revenue from the defaulting companies and furnish recovery particulars. His response is being awaited.

NIGERIA CUSTOMS SERVICE

147. (1) At the Nigeria Customs Service Headquarters, Abuja, it was observed that :

(i) Personal advances totalling ₦115,000.00 granted to an officer on 21st and 28th September, 1999 respectively were not yet retired even at the time of audit inspection in August 2000, whereas the provisions of the Financial Regulations stipulate that "Accounting Officers are responsible for ensuring the prompt payment by instalments or otherwise, of all advances approved." It was however, more surprising to note that the advance was granted a month after the officer had retired from service. Urgent steps should be taken to recover the advance.

(ii) Unclaimed staff salaries for May and July 1999 totalling ₦29,952.87 were not paid back to chest at the time of the audit inspection in August 2000, whereas the provisions of the Financial Regulations stipulate that unclaimed salaries must be returned to chest after 3 days of the withdrawal of the money.

(iii) Forty-one (41) payment vouchers for amounts totalling ₦8,097,221.70 paid between March and June 1999 at State Offices of Nigeria Customs Service in Jalingo, Onitsha, Owerri and Yola respectively were not produced for audit inspection. As I cannot therefore satisfy myself that the payments involved were proper charges against public funds, the Comptroller-General has been requested to produce the vouchers for audit examination.

2. At the Murtala Mohammed International Airport, Ikeja, Lagos :

(i) Out of the total revenue of ₦4,792,232,102.09 collected as import duties, etc., by 43 designated banks at the Murtala Mohammed Airport, Cargo Section, Ikeja, Lagos, between January 1999 and December 1999, only the sum of ₦4,786,961,733.82 was transferred to the Central Bank of Nigeria by the banks, leaving an untransferred balance of ₦5,270,368.27 with the banks yet to be accounted for. The Comptroller-General has been requested to confirm, with authentic documents, that the outstanding balance has now been transferred to the Central Bank of Nigeria for audit verification.

(ii) Out of a total revenue of ₦460,325,052.84 collected as import duties, etc., by 2 designated banks at the International Section of the Murtala Mohammed International Airport, Ikeja, Lagos, between January 1999 and December 1999, only the sum of ₦413,971,670.57 was transferred to the Central Bank of Nigeria by the banks, leaving an untransferred balance of ₦46,353,382.27 with the banks yet to be accounted for. The Comptroller-General has been requested to confirm with authentic documents, that the outstanding balance has now been transferred to the Central Bank of Nigeria for audit verification.

(iii) At the NIPOST/EMS Section, parcel post duties amounting to ₦263,588.34 which had accrued during the period under review were yet to be collected from the Nigeria Postal Service at the Parcel Post Section of the Murtala Mohammed International Airport, Ikeja, Lagos by the Nigeria Customs Service as at the time of the audit inspection in April 2000. Efforts should be made to collect the amount from NIPOST.

3. At the Nigeria Customs Service, Port Harcourt :

(i) Twenty-two (22) cheques for amounts totalling ₦1,884,301.76 issued between December 1997 and December 1998 had become stale and should have been written back to chest but were still reflected as unpresented cheques.

(ii) A personal advance of ₦20,000.00 granted to an officer on 16th June, 1999 to enable him render some services, was not yet retired even at the time of audit inspection in May 2000

whereas the provisions of the Financial Regulations stipulate that "Accounting Officers are responsible for ensuring the prompt payment by instalments, or otherwise, of all advances approved."

4. At the Nigeria Customs Services, Onitsha, it was observed that personal advances totalling ₦38,000.00 granted to 3 officers in April 1999 were not yet retired even at the time of the audit inspection in May 2000, whereas the provisions of the Financial Regulations stipulate that "Accounting Officers are responsible for ensuring the prompt payment by instalments, or otherwise, of all advances approved."

5. At the Apapa Port (Wharf) Area Command of the Nigeria Customs Service, it was observed that :

(i) Out of a total revenue of ₦47,368,789,845.63 collected by 47 designated banks at the Apapa Port Area Command, Apapa, Lagos between January and December 1999 only the sum of ₦46,296,932,027.55 was transferred to the Central Bank of Nigeria, leaving an untransferred balance of ₦1,071,857,824.08 with the banks yet to be accounted for. The Comptroller-General has been requested to confirm, with authentic documents, that the outstanding amount has now been transferred to the Central Bank of Nigeria for audit verification and his reaction is being awaited.

(ii) Underpayments of Value Added Tax (VAT) amounting to ₦27,430,292.54 by importers were discovered during the period under review. Efforts should therefore be made to recover the underpayments, while the recovery particulars should be furnished for verification.

(iii) Rifle number OFN27085 issued to the Apapa Port Area Command, Apapa, Lagos which was snatched by armed robbers but was later recovered by the Nigeria Police Command, Kaduna, had not been retrieved from the Nigeria Police by the Nigeria Customs Service after two years of its recovery by the Police.

Similarly, Astral Pistol number 1137547 which was sent to the Federal Operations, Nigeria Customs Service, Ikeja, for necessary repairs since 1992 had not been returned to the Apapa Port Area Command, Apapa, Lagos. The Comptroller-General has been requested to recover the arms and ammunition and inform me accordingly for audit verification.

6. At the Lilypond Area Command of the Nigeria Customs Service, Apapa :

(i) Out of a total revenue of ₦3,321,295,505.60 collected by 47 designated banks for the period under review only the sum of ₦3,321,263,513.66 less the cost of transfer was confirmed to have been transferred to the Central Bank of Nigeria, thereby leaving an untransferred balance of ₦31,991.94 yet to be accounted for as at the time of audit inspection in October 2000. The Comptroller-General has been requested to confirm with authentic documents that the outstanding amount has now been transferred to the Central Bank of Nigeria for audit verification.

(ii) Underpayments of import duties totalling ₦9,372,439.37 have not been recovered from two importers as at the time of audit inspection in October 2000. Urgent steps should therefore be taken to recover the underpayments, while the recovery particulars should be furnished for verification.

7. At the Jos Area Command of the Nigeria Customs Service, it was observed that out-of-pocket expenses totalling 28,380.00 were paid to a staff of the Command in December 1999, for the fueling of an official vehicle with Reg. No. CS022/01 between 24th August, 1999, and 13th December, 1999. Further audit verification revealed that in one day alone, a total of ₦3,900.00 was paid for the fueling of the same vehicle as two receipts for ₦1,000.00 and ₦2,900.00 respectively

were submitted. The attention of the Comptroller-General has been drawn to the above observations and his reaction is being awaited.

All the issues have been taken up with the Comptroller-General of Nigeria Customs Service and his reaction is being awaited.

148. Whereas Financial Regulation 513 stipulates that the authority for expenditure for Financial year lapses at the end of the year to which it relates, it was observed that the balance of ₦10,272,249.70 as at the end of business on 31st December, 1998 in the account of the Nigeria Customs Service, Minna was not remitted to the Sub-Treasury of the Federation. This amount is the unspent balance of the Recurrent Allocations to the Unit within the year which should have lapsed but was instead transferred to the 1999 Financial Year for disbursement.

The Comptroller-General has been requested to explain this impropriety. His response is being awaited.

149. The examination of the Arms and Ammunition Register maintained at the Nigeria Customs Service, Training School, Ikeja, Lagos State revealed that:

- (a) 1 G.3 rifle No. 11H493 could not be produced for inspection.
- (b) 500 pieces of 7.65mm calibre of ammunition could not be accounted for.

The issue has been communicated to the Comptroller-General whose response is being awaited.

150. As at the time of audit in August 1999, revenue records at the Nigeria Customs Service, Enugu, showed that 4 companies had arrears of unpaid excise duties totalling ₦705,651 covering the period December 1985 to June 1997.

The Comptroller-General has been requested to ensure that concerted efforts are made to recover these long outstanding arrears and furnish recovery particulars. His comments are being awaited.

151. The audit of the accounting records maintained at the Customs Service, Minna revealed that:

(a) Whereas Financial Regulations stipulate that the authority for expenditure for a financial year lapses at the end of the year to which it relates, it was observed that balances totalling ₦10,272,241.70 as at 31st December, 1998 under the Recurrent Expenditure votes were not remitted to the Sub-Treasury of the Federation as required. Instead, the amount was transferred to the account of the succeeding year 1999.

(b) The Revenue Collector's Cash Book could not be produced for audit inspection. The Revenue Collector was not available at the time of the audit in November 1999 neither was an officer assigned his schedule. Revenue during this period could therefore not be collected, resulting in a loss to the government.

The Comptroller-General of Customs has been requested to pay the total balance of ₦10,272,241.70 to the Sub-Treasury of the Federation and produce the Revenue Cash Book for inspection. His response is being awaited.

OFFICE OF THE ACCOUNTANT-GENERAL OF THE FEDERATION

152. During the audit examination of the accounting records maintained at the Federal Office, Jalingo, the following observations were made:

(a) Nine (9) cheques for amounts totalling ₦1,331,038.50 issued between July 1999 and January 2000 in respect of 245 payment vouchers submitted to the Federal Pay Office for onward payment to the Commissioner of Revenue and the VAT Office as taxes deducted from various contractors, were fraudulently cashed.

The fraud was perpetrated by drawing the cheques in favour of the Federal Pay Officer on the cheque leaves while the names of either the Commissioner for Revenue or VAT Officer were entered on the cheque counter foils, cheque register and cashbook, giving misleading impression on accounting records that the cheques had been paid to the appropriate tax authorities. The Bank Statements however revealed the Federal Pay Officer as the actual payee. This fraudulent act contravenes the provisions of the Financial Regulations, the relevant tax laws and the VAT Decree of 1993.

A Board of Inquiry should be set up to establish the depth of this act and bring the culprits to book.

(b) A scrutiny of the Bank Reconciliation Statement prepared for the month of December 1999 revealed that:

(i) Amounts totalling ₦2,269,115.10 described as "Credits in the Bank not in Cash Book" obviously represented direct credits into the Federal Pay Officer's account which should have been cleared by making appropriate debit entries in the Cash Book.

(ii) Amounts totalling ₦2,583,688.62 which were described in the Bank Reconciliation Statement as "Debits in Bank not in Cash Book" represented commission on turnover, cost of cheque books and other bank charges. These should have since been posted into the Cash Book as payments.

153. During the audit examination of the accounting records maintained at the Federal Pay Office, Awka, it was observed that:

(i) An amount of ₦250,000.00 was paid in June 1999 to the Federal Pay Officer as refund of out-of-pocket expenses incurred to print Treasury Forms. 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. Another amount of ₦300,000.00 had earlier been paid in December 1998 to a contractor for the supply of Treasury Forms. There was also, no authority for this expenditure.

(ii) (a) Six (6) Personal advances amounting to ₦607,792.00 were granted to the Internal Auditor between December 1998 and June 1999 for the purchase of stationery, rugs, curtains and office equipment. The items could have been better procured through the award of contracts after competitive tender procedures, or through the issuance of Local Purchase Orders. Moreover, there were no supporting documents such as Stores Receipt Vouchers, Stores Issue Vouchers to confirm that the items purportedly purchased were taken on ledger charge. Consequently, I cannot accept the expenditure of ₦607,792.00 as a legitimate charge against public funds.

(b) Also, 12 payment vouchers for amounts totalling ₦920,750.00 were raised in favour of the Federal Pay Officer being reimbursement of out-of-pocket expenses incurred on the purchase of stationery, rugs and office equipment. There were no supporting documents like the Store Receipt Vouchers, Store Issue Vouchers, attached to the payment vouchers to confirm that the items were taken on ledger charge. I cannot, therefore, accept the expenditure of ₦920,750.00 as legitimate charges against public fund.

(iii) A sum of ₦80,000.00 was paid to an officer during the period under review for the fabrication and installation of a shed for security men and burglary proof for an air-conditioned room. Supporting documents such as the Job Order and Job Completion Certificate were not attached to the payment vouchers.

Also, a total sum of ₦220,500.00 was spent on the purchase of motor vehicle spare parts and equipments. The subject files for the motor vehicles and equipment could not be produced for verification. Consequently, I cannot certify expenditures of ₦80,000.00 and ₦220,500.00 as proper charges against public funds.

All the irregularities have been brought to the attention of the Accountant-General of the Federation whose comments are being awaited.

154. During the examination of accounting records maintained at the Federal Pay Office Calabar, the following observations were made:

(i) Six (6) Personal advances amounting to ₦3,249,110.00 were granted to 6 officers between 30th December, 1999 (a day to the last day of the financial year), for various projects and services. Audit verification revealed that the various items purportedly purchased were not taken on charge nor produced physically for my inspection. Furthermore, these procurements and projects should have been undertaken through tender procedures. As I cannot, therefore, certify these expenditures as legitimate charges against public funds, the Accountant-General of the Federation, has been requested to ensure the refund of the total amount and furnish with the recovery particulars.

(ii) Nine (9) payment and adjustment vouchers for amounts totalling ₦1,344,386.30 between 16th August, 1998 and 30th December, 1999 could not be produced for my inspection. It is, therefore, difficult to accept the expenditures incurred as legitimate charges against public funds.

The Accountant-General has been requested to produce the vouchers for my examination. His reply is being awaited.

155. During the examination of accounting records maintained at the Federal Pay Office Akure, Ondo State, the following observations were noted:

(a) (i) Out of ₦3,528,683.94 revenue collected between January and December 1999, ₦3,441,202.31 was remitted to the Sub-Treasury of the Federation, leaving a balance of ₦87,481.63 unremitted as at the time of audit inspection in December 1999.

(ii) Also, out of the total amount of ₦7,372,911.87 revenue collected in 1999, only ₦80,000.00 was remitted to the Sub-Treasury leaving a balance of ₦7,292,280.87 unremitted as at the time of audit inspection.

(b) Amounts totalling ₦196,210.00 being revenue collected between April and August 1999 did not reflect in the Office's bank statements for the period.

(c) Four (4) payment vouchers for amounts totalling ₦2,652,291.00 paid between March and October 1999 were found to be duplicated. The duplicated transactions featured in the Federal Pay Office schedule from the funding section through to the cheque writing section. Audit investigation revealed that the ministries which were used for this fraudulent act were not aware of the development. Consequently, I cannot certify the total expenditure of ₦2,652,291.00 as legitimate charges against public funds. The case should be investigated.

(d) Amounts of ₦279,797.00 and ₦1,337,971.90 said to have been lodged into the account through Bank tellers in 1998 and 1999 respectively, did not reflect in the bank statements. These amounts were in respect of money paid for the purchase of the Fed-

Cost houses and a Co-operative Society teller for ₦50,000.00. The total amount of ₦1,617,768.90 should be accounted for.

(e) A deficit of ₦12,000,000.00 was recorded as a result of misrepresentation caused by non-entry of December 1998 ₦26 million Central Bank cheques replaced in the main Cash Book, thus reflecting a credit balance of ₦14,000,000.00 whereas there was no money in the bank account.

(f) Amounts of ₦9,810,672.93 maintained at the Wema Bank, Akure and ₦2,611,036.56 at Wema Bank, Ado-Ekiti were transferred from the Capital Accounts to the Recurrent Accounts contrary to the provisions of the Financial Regulations.

(g) A scrutiny of the Bank Reconciliation Statement which was last prepared in June 1999, showed that:

(i) One hundred and thirty-five (135) cheques for amounts totalling ₦1,028,833.27 issued between December 1996 and March 1998 were still reflecting as "Unpresented Cheques" whereas these stale cheques should have been written back to the Cash Book.

(ii) Amounts totalling ₦3,904,933.05 described as "Credits in Bank not in Cash Book" had accumulated between July 1994 and July 1999. These represented money paid into the account of the Federal Pay Office but which did not pass through the Cash Book. The items should have been investigated and cleared.

(iii) Amounts totalling ₦12,063,655.30 described as "Debits in Bank not in Cash Book" had reflected in the Cash Book since April 1990, possibly representing wrong debits into the Federal Pay Office accounts, which should have been investigated and cleared.

(iv) Amounts totalling ₦7,926,834.72 described as "Receipts in Cash Book not in Bank" had accumulated between March 1991 and June 1999, probably representing Government monies which were supposed to have been lodged in the bank but which did not find its way thereto. They should have been investigated and cleared.

(h) Five hundred and forty-six (546) and seventy-four (74) payment vouchers for amounts of ₦21,232,614.22 and ₦4,681,501.47 in 1998 and 1999 respectively were not produced for my inspection. Consequently, I cannot satisfy myself that the expenditures on them were just and proper charges against public funds.

The Accountant-General of the Federation has been advised to look into all the anomalies and his reaction is being awaited.

156. The examination of the accounting records maintained at the Federal Pay Office, Birnin-Kebbi revealed that:

(a) Four (4) personal advances totalling ₦495,000.00 granted to 3 officers between 30th December, 1998 and 11th August, 1999 had not been retired as at the time of audit inspection in January 2000 contrary to the provisions of the Financial Regulations.

(b) Revenue amounting to ₦605,394.39 collected between 18th June and 20th December, 1999 was said to have been remitted to the Sub-Treasury at Abuja but the treasury receipt could not be produced for my verification.

The issues have been communicated to the Accountant-General of the Federation and his comments are being awaited.

157. The audit examination of the accounting records maintained at the Federal Pay Office, Port Harcourt in the year under review, revealed that:

(a) Cheques for huge sums of money ranging between ₦3,262.50 and ₦563,635.00 were converted to cash in favour of 23 contractors and government officials between May and December 1999 through 26 payment vouchers for amounts totalling ₦2,592,066.40, contrary to the provisions of the Financial Regulations. Furthermore, the contracts were observed to have been unilaterally awarded as there was no evidence of competitive tender procedure such as contract agreements and minutes of the Tenders Board meetings and approval attached to the payment vouchers.

(b) Twenty-five (25) cheques for amounts totalling ₦161,433.22 issued between June 1998 and May 1999 had become stale and should have been written back to chest but were still reflected as unrepresented cheques in the Bank Reconciliation Statement for December 1999.

(c) The bank account with the a commercial bank should have been credited with the sum of ₦101,397.10 being the accrued interest earned from April to October 1999 but this amount was yet to be credited to the Office's account as at the time of audit inspection in April 2000.

The attention of the Accountant-General of the Federation has been drawn to these lapses and his response is being awaited.

158. An audit examination of the accounts and other records maintained at the Federal Pay Office, Damaturu, revealed that:

(a) A fully serviceable vehicle, Peugeot 504 station wagon with registration number FG155J10, previously attached to the Federal Pay Officer, was prematurely disposed of in November 1999 without following the procedure laid down by the Financial Regulations which includes setting up a Board of Survey, completion of Treasury Form 147 and notifying the Auditor-General for the Federation. At the time of sale, the vehicle was the only official vehicle in the office. Prior to the sale however, amounts totalling ₦188,171.00 had been spent on the repair and maintenance of the vehicle between 1998 and 1999. The vehicle was disposed of without being officially boarded for a meager amount of ₦17,575.00. Surprisingly, this same vehicle was resold in the same city without any additional repairs for ₦350,000.00.

It is disturbing that a serviceable government vehicle could brazenly be sold for a ridiculous amount of ₦17,575.00 after spending a total amount of ₦188,171.00 on its maintenance. The vehicle or its current replacement cost should be recovered from the purchaser while appropriate disciplinary actions should be taken against all those involved in this bizarre transaction.

(b) Withholding tax and Value Added Tax deductions made in 1997 and 1998 by Federal Ministries and Agencies in Yobe State, amounting to ₦4,336,953.75 had not been remitted to the relevant tax authorities by the Federal Pay Office, Damaturu, even at the time of audit inspection in December 1999.

(c) A cash advance of ₦300,000.00 granted to the Federal Pay Officer on 29th December 1998 was yet to be retired even at time of audit inspection in December 1999.

These issues have been taken up with the Accountant-General of the Federation and his comments are being awaited.

159. An audit examination of the Bank Reconciliation Statement as at 30th June, 1999 prepared by the Federal Pay Office, Osogbo, in respect of the account maintained revealed that cheques for amounts totalling ₦2,009,089.90 issued between November 1992 and December 1999 had become stale and were not written back to the Cash Book but were still listed as "unrepresented cheques" in the Bank Reconciliation Statement.

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

160. During the audit examination of the accounting records maintained at the Federal Pay Office, Enugu, it was observed that:

(a) Two hundred and two (202) stale cheques for amounts totalling ₦50,537,805.85 issued between December 1996 and March 1999 were still listed as Unpresented Cheques as at September 1999 instead of their being written back to the Cash Book as required by the provisions of the Financial Regulations.

(b) Amounts totalling ₦13,832,446.20 described as "Credits in Bank not in Cash Book" possibly represented payments made into the Federal Pay Office, Enugu bank account but which did not pass through the Cash Book. The items should have been investigated and cleared.

(c) Amounts totalling ₦11,553,855.72 described as "Receipts in Cash Book not in Bank" represented Government money supposed to have been banked, but which did not find its way thereto. They should have been investigated and cleared.

(d) Amounts totalling ₦154,182.21 described as "Debits in Bank not in Cash Book" represented wrong debits into the Office's bank accounts which should have been investigated and cleared.

(e) Correspondence advances totalling ₦84,220.00, granted to 18 members of staff between June 1996 and July 1997, were still outstanding as at the time of audit inspection in October 1999 contrary to the provisions of the Financial Regulations.

(f) Also, 7 personal advances amounting to ₦60,650.00, granted between March 1996 and December 1997, had still not been retired as at the time of audit inspection in October 1999 contrary to the provisions of the Financial Regulations.

The anomalies have been brought to the attention of the Accountant-General of the Federation whose comments are being awaited.

MINISTRY OF FOREIGN AFFAIRS

161. The audit examination of the accounts and other records maintained at the Ministry of Foreign Affairs, Abuja, revealed that:

(a) Seventy-two (72) payment vouchers for various amounts totalling ₦5,475,692.85 were paid in December 1999 by the Cash Office without the pre-payment audit of these payment vouchers by the Internal Audit Unit as required by the provisions of the Financial Regulations which stipulate that the "Internal Audit Unit in all Ministries and Extra-Ministerial Departments shall ensure that 100 per cent pre-payment audit of all checked and passed vouchers is carried out and that the vouchers are forwarded under security schedule direct to the appropriate Central Pay Office (CPO) for payment." It is difficult therefore, to confirm that the payments were proper charges against public funds.

(b) Personal advances totalling ₦10,239,532.35 granted to 217 members of staff between January 1998 and December 1998 to enable them execute certain projects or render some services were not retired even at the time of audit inspection in September 2000. Incidentally, 19 of these members of staff were granted additional advances without retiring the previous ones. A member of staff was granted 10 advances while 2 members of staff was granted more than 4 advances without retiring the previous ones. Furthermore, those projects might have been better executed and services rendered through the award of contracts after competitive tender procedures or through the issuance of Local Purchase Orders.

(c) Household items costing ₦203,100.00, ₦131,040.00, ₦59,300.00 and ₦70,000.00 respectively with all totalling ₦463,440.00 procured for the residence of the former Minister of State between April, 1998 and May, 1998 were said to have been removed by the former Honourable Minister when he left office. Efforts should have been made to recover all the items or alternatively recover the sum of ₦463,440.00 from the former Honourable Minister of State involved furnishing me with recovery particulars for audit verification.

(d) Amounts totalling ₦15,836,633.40 were paid to a company based in Kaduna in December 1997 for the repairs and refurbishing of 23 motor vehicles belonging to the Ministry. However, further audit scrutiny of the bills submitted by the company revealed that only 18 motor vehicles were actually refurbished at a total cost of ₦8,264,009.10 resulting in a difference of ₦7,590,624.30 to be refunded by the company. Furthermore, all the replaced parts of the motor vehicles were disposed of by the company and the proceeds of sales were not paid to Government Treasury contrary to the provisions of the Financial Regulations. Efforts should therefore be made to recover the sum of ₦7,590,624.30 as well as the total value of the replaced spare parts from the company involved furnishing the recovery particulars for audit verification.

(e) Amounts totalling ₦777,225,884.70 were transferred from the capital account maintained at a bank in Abuja to various deposit accounts maintained in five different banks between May 1999 and September 1999 without due authority of the Accountant-General of the Federation whereas the provisions of the Financial Regulations stipulate that "Accounting Officers will draw up a code of instructions for the operation of deposit accounts peculiar to their Ministries and Extra-Ministerial Department. These instructions will be subject to the approval by the Accountant-General of the Federation in consultation with the Auditor-General for the Federation." The interest accrued on these deposit accounts should be accounted for by payment to Treasury." The Permanent Secretary has been requested to furnish information on the source of funds for the deposit accounts and produce the authority for maintaining such accounts.

(f) Forty-four (44) payment vouchers for amounts totalling ₦15,917,970.06 paid between July 1999 and September 1999 were not produced for audit inspection inspite of repeated demand for them. As I cannot therefore satisfy myself that the payments involved were proper charge against public funds, the Permanent Secretary has been requested to produce the payment vouchers for audit examination.

(g) Amounts totalling ₦1,175,053.62 representing revenue collected by the Ministry between March 1998 and June 1998 were only remitted to the Sub-Treasury in December 1999 after 18 months undue delay. Similarly, amounts totalling ₦1,674,666.60 representing revenue collected by the Ministry between July 1998 and September 1998 were paid to the Sub-Treasury of the Federation in June 1999 after 12 months undue delay, whereas the provisions of the Financial Regulations stipulate that "for the purpose of accountability of revenue, the amount received monthly as Federal Government independent revenue by Ministries and Federal Offices shall be reflected in the monthly transcripts and should be supported by a cheque payable to the Sub-Treasury of the Federation. Explanation should be furnished on who was keeping the amounts collected for so long and why such government revenue should be kept for that long without being paid to the government coffers.

(h) At the Lagos Liaison Office of the Ministry :

(i) Amounts in foreign currencies made up of US \$8,400.00 cash, US \$650.00 in travelling cheques £75.00 pounds sterling, and 290,000.00 CFA were produced by the cashier during the audit cash survey. These amounts were said to have been kept in the safe since 18

August, 1994 with the exception of the 290,000.00 CFA said to have been remitted from the Embassy of Nigeria, Lome, Togo. There was no satisfactory explanation for leaving the amounts in the safe since 1994. The Permanent Secretary has been requested to investigate the source of the funds and also ensure that the amounts are converted to local currency and paid to treasury furnishing the receipt particulars for audit verification.

(ii) Funds allocated to the Office by the Headquarters, Abuja under specific sub-heads were vired or diverted to other sub-heads without the authority of the Headquarters. For example, while some sub-heads, such as, Transport and Travel, Stationery, M.O.F.E., and maintenance of vehicle, were allocated ₦978,125.00, ₦284,163.00, ₦206,234.00 and ₦379,305.00 respectively by the Headquarters, the sums of ₦785,000.00, ₦30,000.00, ₦413,807.00 and ₦400,000.00 were unilaterally reclassified at the Liaison Office and expended accordingly.

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

NIGERIA HIGH COMMISSION, KUALA LUMPUR, MALAYSIA

162. During the audit examination of the accounts and other records maintained by the Nigeria High Commission in Kuala Lumpur (Malaysia), the following irregularities were observed :

(a) The only freehold property held by the Mission is the residence but the title documents could not be produced for audit scrutiny at the time of the audit inspection in September, 2000.

(b) Cash books to be used for accounting for the revenue collected by the Mission were not maintained contrary to the provisions of the Financial Regulations. Also the use of double-sided carbon for issuing receipts for revenue collected as stipulated by the extant regulations was not adhered to.

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

EMBASSY OF NIGERIA IN NIAMEY, NIGER REPUBLIC

163. (i) At the Embassy of Nigeria in Niamey, Niger Republic, the sum of FCFA 12,523,299.00 (₦451,942.50), at the exchange rate of 27.71 FCFA to ₦1.00, was spent on hiring a private air-craft for a journey made between Niamey and Dirkou through Agadez without production of any document which conveyed approval for such huge expenditure from the Presidency or the Ministry of Foreign Affairs. The Permanent Secretary has been requested to confirm the authenticity of this transaction or otherwise, the amount incurred should be recovered from the officer who gave such approval while the recovery particulars should be furnished for audit verification.

(ii) During the audit inspection of the Embassy of Nigeria in Niamey, Niger Republic, it was observed that the Mission contravened the policy Circular No. 473/Insp/DESK.1 of 22nd October, 1986 which prohibited officers who are given FCFA advance from retiring such advance in Naira and converting the Naira expenses to FCFA, which often resulted in claims above what was actually incurred. For example, the Mission purchased a second-hand half engine for its Mercedes Benz 911 Truck in Nigeria at the cost of ₦530,949.79 which was later converted and paid for using the exchange rate of 27.71 FCFA to the Naira thus collecting a huge sum of 13,339,051.00 FCFA.

The Permanent Secretary has been informed of the infraction of the existing regulation. He

has been requested to furnish the approval given for such expenditure and to recover any expenditure made from the officer concerned, while recovery particulars should also be furnished for audit verification. His reply is being awaited.

164. During the audit inspection of the accounts and records of the Nigeria Embassy in Ndjamena, in the Chad Republic, the following observations were made:

(a) Amounts released to the Mission annually were usually broken down into various heads to facilitate disbursement of funds. However, the Mission was arbitrarily allocating funds to only subheads it could easily manipulate thus paying little or no regard to the allocated through A.I.Es (Authority to Incur Expenditures). For example, whereas the Mission deliberately failed to maintain the compulsory Social Security contributions, funds meant for the subhead are normally diverted or vired to other subheads without approval, contrary to the provisions of the Financial Regulations. Moreover, during the year under review, out of a sum of ₦9,551,990.00 allocated to the Mission for foreign service allowance payable to staff, only the sum of ₦158,865.03 was spent, thereby creating a huge balance of ₦9,393,124.97 at the end of the year. The resultant effect of this practice was that several subheads reflected expenditure in contravention of the provisions of the Financial Regulations which enjoined officers in charge of expenditure to always review the balances in their Vote Book and whenever necessary take steps to obtain more funds or seek permission for virement.

(b) The Mission took advantage of the exchange rate of 27.71 FCFA to the Naira given by the Accountant-General of the Federation to make their purchases in Naira and converted the sum of what was purchased to claim the equivalent in FCFA thereby making the Mission to have substantial funds which should have been utilized for other services. For example, while the sum of ₦2,110,161.00 was expended and using the existing rate of exchange of 27.71 FCFA to the Naira, the sum of 56,674,464 FCFA would be paid, whereas if a realistic value of 7 FCFA to the Naira was used, only the sum of 14,771,127 FCFA would have been spent thereby resulting in a payment of 41,903,337 FCFA to the detriment of the Mission.

The Permanent Secretary has been informed of this irregularity and had been advised to put up the issue of indiscriminate exchange rate with the Accountant-General of the Federation. His reaction is being awaited.

MINISTRY OF HEALTH AND HUMAN SERVICES

165. During the audit examination of the accounts and other records maintained at the Federal Ministry of Health Headquarters, Abuja, it was observed that:

(a) (i) Seventy (70) household items valued at ₦3,070,250.00 were discovered to be missing during an inventory audit check on the official residence of the Honourable Minister for Health at Apo, Abuja. These items should be recovered or their monetary values should be recovered while the recovery particulars should be furnished for verification.

(ii) It was also discovered at the same inspection that the Ministry paid the sum of ₦4,400,000.00 for a building situated at the Maitama District, Abuja to be used as the Honourable Minister's Guest House. The amount paid represented one year's rent. A payment was made in December 1998 five months to the end of the tenure of the Honourable Minister. The Permanent Secretary has been requested to explain why such a colossal sum was paid as rent when the Ministry could have approached the Federal Housing Corporation for suitable accommodation for the same purpose.

(iii) Five (5) sets of split air-conditioner units purchased at a total cost of ₦980,000.00 were found abandoned at the Guest House, wasting away and were not put to effective use.

(b) Two (2) sets of Laptop computers supplied by two different contracting companies at a cost of ₦546,000.00 each for amounts totalling ₦1,092,000.00 were found missing from the Minister's Office. It was alleged that the former Honourable Minister to the Ministry went away with one of the computers while leaving the Ministry while the second computer was taken away by his Technical Adviser. The two computers or their purchase price should be recovered from the Honourable Minister and his Technical Adviser or in the alternative the total value of ₦1,092,000.00 of the computers recovered from them quoting recovery particulars for audit verification.

(c) A quarterly Internal Audit Report issued during the year under review relating to the Federal Ministry of Health Headquarters' Cash Office, Abuja revealed that a total sum of ₦151,040,081.32 was paid between April 1998 and June 1999 without the preparation of supporting vouchers and without passing through the scrutiny of the Internal Audit Unit of the Ministry. One of the payments was made to a contractor on which a cheque for ₦3,838,683.45 was issued still without any payment voucher. This apparent shortcoming was an indication of a breakdown in the internal control system in the Ministry regarding the disbursement of funds appeared to have broken down completely. This irregularity has been conveyed to the Permanent Secretary requesting him to ensure that the weak internal control system was urgently rectified. His comments are being expected.

(d) Cash advances totalling ₦115,541,420.20 granted to 357 staff members between January and December 1999 to enable them execute certain projects or render some services were still outstanding several months after the completion of the projects or services and even at the time of audit inspection in June, 2000. This irregularity was a complete violation of the existing Financial Regulations which stipulate clearly that an advance should be recovered promptly on completion of the assignment for which the advance was granted, as otherwise the outstanding amounts should be recovered in full from the defaulting officers' salaries.

(e) During the year under review, the Ministry in an attempt to circumvent the provisions of the Financial Regulations on payment for contract works, purchases and services rendered to government, engaged in the unwholesome practice of granting large cash advances to officers in order to execute certain projects or render some services. For example, 38 payments involving large cash advances within the range of ₦500,000.00 and ₦9,529,600.00 were made to 33 officers. One of the officers was granted a cash advance of ₦9,529,600.00, while another received ₦8,920,300.00, and another officer received the sum of ₦6,920,300.00 in cash. This practice was bound to expose officers to temptations as they had been turned into emergency contractors.

(f) At the Federal Ministry of Health, 178 payment vouchers for amounts totalling ₦6,677,860.87 paid under Capital Expenditure Cash Books between January and December, 1999 were not produced for audit inspection. As it is therefore difficult to accept the expenditure on such vouchers as legitimate charges against public funds. The Permanent Secretary has been requested to kindly produce the vouchers for examination.

(g) Four revenue collectors receipt booklets for the collection of government revenue were not produced for audit inspection. It is therefore difficult to confirm whether or not the missing booklets have been utilized in collecting public funds illegally. These booklets must be produced for audit inspection.

(h) A sum of ₦9,023,470.91 collected by the Ministry as withholding taxes on behalf of the Federal Inland Revenue Service between April 1998 and May, 1999 which was purportedly remitted to the latter could not be traced in the Cash Book. The relevant receipt books used for the collection of the revenue for amounts totalling ₦9,023,470.91 should be produced for audit inspection.

examination. Also the relevant receipts particulars relating to the acknowledgement of the payment made to Federal Inland Revenue Services should be furnished for audit verification.

(i) The Ministry of Health maintained several bank accounts in different banks for its Capital Expenditure. Efforts made by this Office to ascertain the total number of banks involved from this Ministry proved abortive. The Permanent Secretary had been requested to furnish me with details of the banks involved and the relevant authority obtained from the Accountant-General of the Federation to operate such accounts. His reply is being awaited.

(j) One hundred and one (101) items for amounts totalling ₦64,021,845.87 described as "Debits in Bank not in Cash Book" has featured in the Ministry's Bank Reconciliation Statement over the years. These amounts possibly represented wrong debits in the Ministry Account which should have been investigated and cleared. The anomaly has been brought to the attention of the Permanent Secretary and his reaction is awaited.

(k) The main Capital Account with a commercial bank revealed a total number of 14 transactions for amounts totalling ₦66,433.49 relating to payment, mostly cash payments without any corresponding cheque numbers. It could not be confirmed if the authority for the payments these amounts emanated from the Ministry. This apparent irregularity should be investigated.

(l) A cheque was raised by the Ministry for payment of ₦1,655,428.90 in May 1999 without any entry made in the relevant Cash Book. Another cheque was raised and cashed from the bank and after paying out the sum of ₦876,326.00 to some beneficiaries, the undisbursed balance of ₦592,548.50 was not accounted for. The Permanent Secretary has been requested to investigate the disappearance of the sum of ₦592,548.50, to recover and pay back the money chest quoting relevant receipt voucher particulars for audit verification.

(m) Accounting records and other documents relating to project accounts, counterpart funds for foreign assisted programmes, foreign assisted loans and grants and other special accounts were not produced for audit inspection during the year under review. In particular, a sum of ₦221,700 released by the Federal Ministry of Finance to the Ministry as counterpart fund issued under approved Authority to Incur Expenditure was not justified as the relevant AIE was not produced for audit scrutiny. Also, the Ministry could not produce the appropriate document relating to project account on Drug Revolving Fund which is maintained at a branch of a commercial bank in Lagos. The Permanent Secretary has been requested to produce a comprehensive list of all Project/Programme Accounts, counterpart and Foreign Assisted Programme Account and other account kept for audit examination. His reply is being awaited.

(n) The Ministry during the year under review paid rents for amounts totalling ₦30,482,500.00 to various landlords in Abuja while at the same time incurred several million Naira in the acquisition of different types of housing units, including construction of an Estate at Kubwa. However, officers occupying government quarters in the Ministry continue to enjoy payment of monthly rent supplements without paying any rent on the quarters occupied by them since the Ministry moved its Headquarters from Lagos to Abuja. Attempts made by this Office to procure the comprehensive list showing names of officers staying in government quarters from the Welfare Division of the Personnel Department proved abortive.

The Permanent Secretary has been requested to furnish the comprehensive list of officers occupying government quarters for audit verification.

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

166. (a) A total sum of ₦1,996,377.00 was paid by the Federal Medical Centre, Makurdi

to procure and install eight 14" television sets satellite dish receivers. The payment was made through six different payment vouchers under contract without passing through the mandatory public tender procedures as provided by the extant Financial Regulations. A market survey of the price of the satellite dishes revealed that the total value of all the dishes should not exceed ₦350,000.00 resulting in an excess payment of ₦1,646,377.00. The Chief Medical Director of the Centre has been requested to recover the sum of ₦1,646,377.00 from the contractor and to furnish me with recovery particulars. His reaction is being awaited.

(b) Also at the Federal Medical Centre, Makurdi, the sum of ₦2,009,980.00 was paid to a contractor on 6 different payment vouchers raised on the same date 9th April, 1998 for the general renovation and supply of unspecified house furniture to the official residence of the Chief Medical Director of the Centre. Audit investigation revealed that no renovation of any sort was ever carried out and there was no evidence to confirm that any house furniture was supplied to the residence. Besides, the payments were deliberately split in order to circumvent the existing Tender Board procedures. Further audit investigation revealed that despite the termination of the tenancy agreement for the official residence in May 1999 following the removal from Office of the Chief Medical Director in May 1999, the former Director was still found occupying the official residence illegally which was alleged to have been purchased for his office. The total amount of ₦2,009,980.00 should be recovered from the contractor for jobs not executed and furnish this office with the recovery particulars for verification.

167. During the audit examination of the accounting records maintained at the Port Health Services, Abeokuta, it was observed that wages totalling ₦791,000.00 were paid to about 18 daily paid workers for the months of April to June, August and October to December 1999. The workers were said to have been engaged in clearing, sweeping and weeding at the Nigerian Border Posts Idiroko, etc. at the rate of ₦350.00 per worker per day.

Due economy in the disbursement of government funds was apparently not exercised as seen from the wages paid to the staffers when compared with the salary of the permanent staff in the same category.

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

168. During the examination of the accounting records maintained at the Federal Medical Store, Oshodi, the following observations were made:

(a) Amounts totalling ₦1,317,149.42 realised from sale of Essential Drugs between April 1998 and April 1999 were not posted into the Cash Book, and hence could not be accounted for.

(b) Cheques Summary Register was not kept for all the cheques issued at the store.

(c) Bank Reconciliation Statements have not been prepared for the bank account operated contrary to the Financial Regulations. It is difficult to ascertain the true periodic balances of the account and this could lead to non-detection of possible unwholesome practices.

(d) An amount of ₦40,000,000.00 was illegally withdrawn from the Essential Drug Project fund to purchase a house and landed property at Plot 1273 Garki, Abuja. This expenditure is a contravention of the provisions of the Financial Regulations which stipulate that "Capital Expenditure must be paid from the Development Fund, and no such expenditure may be incurred except on the authority of a warrant duly signed by the Finance Minister."

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

169. During the examination of accounting records maintained at the Federal Medical Centre Makurdi, Benue State, the following observations were made:

(a) Forty-nine (49) Personal advances amounting to ₦222,230.00 granted to 26 officers of the unit between June 1997 and June 1998 had not been retired as at the time of audit inspection in December 1999. 12 of the officers were given more than one advance each without retiring the previous ones.

Also, a cash advance of ₦200,000.00 regarded as "Special Imprest" was granted to the Revenue Supervisor in April 1999 "for the purpose of putting the records of the Revenue Supervisor in order." Audit investigation revealed that this amount was remitted to the unit purposely to offset the outstanding personal advances of ₦222,230.00 granted to the officers. The advances totalling ₦422,230.00 should be recovered from the affected officers' salaries.

(b) An amount of ₦730,000.00 was paid to a contractor in May 1999 for the supply of 100 wicker chairs. At the time of audit inspection, a market survey conducted showed that the chairs could not have cost more than ₦250,000.00, thereby resulting in an overpayment of ₦480,000.00.

(c) Another sum of ₦960,000.00 was paid to a contractor in May 1999 for the supply of 4 sphygmometers (Accession Bp Dish) at ₦7,500.00 each, 30 Stethoscopes Litman at ₦8,000.00 each and 24 Diagnostic sets at ₦17,500.00 each. Audit verification revealed that only 25 pieces of the Sphygmometers, 24 pieces of the Stethoscopes and 24 Diagnostic sets were actually supplied resulting in an overpayment of ₦152,500.00. Both the officer who received these items into the store and the officer who authorised payments should be surcharged for the overpayments of ₦480,000.00 and ₦152,500.00.

(d) A contract worth ₦336,000.00 was awarded in June 1999 to an officer of the centre for the supply of 16,000 copies of Summary Sheets, 16,000 copies of Payroll Sheets and 16,000 copies of Bank Schedules. It was observed that quotations for the contract were obtained from several contractors and the lowest bid was ₦336,000.00 but instead of awarding the contract to the lowest bidder, it was rather awarded to the officer-contractor. Further investigation revealed that only 6,000 copies each of the items were actually supplied to the store. Both the Head of the Centre and the officer-contractor who supplied the items should be surcharged for ₦210,000.00 being the cost of items yet to be supplied.

(e) A cash advance of ₦250,000.00 was granted to the same officer-contractor on 14 December, 1998 for the supply of some unspecified quantity of stationery which 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 consumption. Since the auditor cannot confirm the actual receipt and usage of these items, it will be difficult to accept the expenditure as a legitimate charge against public funds.

(f) A payment voucher of 14th July, 1998 for an amount of ₦500,000.00 was prepared in favour of the former Head of the Centre being part payment of staff leave grant for the year 1998. Audit investigation showed that the names of the recipients of the grant were not stated on the payment voucher and there was no sub-receipt attached to indicate their signatures. The officer who authorised such payment should be surcharged for the amount.

(g) An ultra sound scanning machine procured at ₦3,000,000.00 in May 1999 was found lying waste at the time of audit inspection in January 2000. The reason advanced for the non-usage of the machine was the dearth of skilled personnel to operate it, a factor which ought to have been considered before ordering the machine.

(h) The practice whereby some officers of the Centre are given huge sums of money to execute

contract works in form of "Direct Labour" is very alarming and disturbing. These officers lack the expertise necessary to execute such projects. Some of the contract awards are as follows:

(i) ₦910,900.00 was paid on 3rd May, 1999 in favour of an officer to repair damages done by rainstorm of 18th April, 1999, at the Centre.

(ii) ₦700,000.00 was paid on the same date—3rd May, 1999 to the same officer to repair damaged structures by rainstorm at the Centre.

(iii) ₦1,000,000.00 was paid to an officer on 3rd May, 1999 for the renovation of another officer's residence which was rented.

(iv) Another ₦1,000,000.00 was paid to the same officer on the same day for the same purpose.

(v) Also, another ₦1,000,000.00 was paid to another officer on the same day to renovate the same rented residence.

The Management of the Centre has succeeded in exhibiting high degree of recklessness in spending of government fund. Spending ₦3,000,000.00 on the same day to renovate an officer's rented building needs more clarification.

As I cannot satisfy myself with the various expenditures enumerated above, the Permanent Secretary has been requested to investigate the reported irregularities and surcharge the officers concerned accordingly. His reaction is being awaited.

170. During the examination of the accounting records maintained at the Federal Medical Centre, Asaba, Delta State, the following observations were made:

(a) Personal advances totalling ₦796,500.00 granted to 3 officers of the Centre in November and December 1998, for organising workshop, and Christmas entertainment, and for undisclosed office needs were still outstanding several months after the completion of the assignments.

(b) Amounts totalling ₦173,800.00 paid through 7 payment vouchers to 4 officers were not posted into the Votebook in December 1998. It is therefore difficult to accept the expenditures on such vouchers as legitimate charges against public funds.

(c) Amounts totalling ₦520,000.00 were paid on 2 payment vouchers of December 1998 to a contractor for the supply of a generator and building of a generator house in the Centre. Surprisingly, the generator was taken to the Medical Director's personal house where the generator was housed. The Medical Director should be surcharged for the amount of ₦520,000.00.

(d) Bank Reconciliation Statements have not been prepared since the inception of the Centre up to the time of audit inspection in August 1999 contrary to the provisions of the Financial Regulations. It is, therefore, difficult to ascertain the true periodic balances of the accounts and this could lead to non-detection of possible fraudulent practices.

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

INDEPENDENT NATIONAL ELECTORAL COMMISSION (INEC)

171. During an audit verification exercise carried out at the Commission's Headquarters in July 2000, the following observations were recorded:

The Independent National Electoral Commission (INEC) was established by Decree No. 17 of 5th August, 1998 with the mandate to organize and supervise all the elections into all the

elective offices at every level of Government in the country register political parties and eligible voters and arrange the audit of the accounts of political parties.

(i) The contract for the construction of the Commission's permanent headquarters complex at Maitama, Abuja was awarded in December 1990 at a contract sum of ₦54,989,919.76. The Federal Capital Development Authority (FCDA) acted as supervisor to the project. By December 1995 a total sum of ₦52,630,937.46, representing 95 per cent of the contract sum had been paid. However, in April 1996, F.C.D.A recommended the variation of the contract sum to ₦29,796,067.23, which was vetted and reduced by the Commission to ₦27,999,705.39. This brought the total raised contract sum to ₦82,989,625.15. The reasons given for the variation are increased external preliminaries due to the prolongation of the project, on materials and labour cost, additional works, rehabilitation works, increase in cost of contingency and contract administration. The following audit observations have been made on the variation:

(a) The payment of the sum of ₦14,728,730.10 in respect of fluctuation impact on cost of materials and labour should be explained in the light of the advance payment of ₦13,197,580.74 made earlier to enable the contractor purchase key materials early and beat inflation. The purpose of the advance payment had been defeated.

(b) The Commission should explain what is meant by "rehabilitation works" for which FCDA recommended ₦1,325,000.00. The term itself is strange and incompatible with a contract which involves the construction of a brand new building.

(c) No reason was adduced for raising the variation after the contract had been completed and fully paid for (with the exception of the retention fee). This lapse should be explained. The submission of the variation claim appears to be an after thought and besides, it distracts the mind to note that over 50 per cent of the original contract sum was allowed in this regard.

(ii) The scope of the award also included the provision of security lights on the perimeter fence-wall of the complex. But the contractor ignored this aspect of the contract and the Commission had to install the security lights through direct labour at a total cost of ₦667,800 which should be recovered from the contractor and relevant recovery particulars furnished to my office for audit verification.

(iii) The contracts for the construction of 6 (six) duplexes to serve as the residential quarters of the Directors of the Commission were awarded in April 1993 to six contractors at a contract sum of ₦3,564,711.48 each (i.e. a total sum of ₦21,388,268.88 for the six). An advance payment of 20 per cent was agreed on but was not released. In the hope that the advance payment would be made as work progresses, the contractors mobilized to site, commenced work and each attained D. P.C. level. At this stage, the Interim Certificate was raised and settled in the sum of ₦712,942.32 for each contractor. But as the mobilization advance was forthcoming, the contractors unanimously abandoned site. The contracts remain abandoned till the time of this audit in the year 2000. The site had since become bushy. The reason for the non-commitment of the Commission to the project is unclear to me, especially in the National budget, commence the project, only to abandon it at the early stage, is a violation of the principle of effective and efficient management of resources, which are key elements of public accountability. At least the Commission should have phased the project and completed one or two at a time. It has just been estimated, in the year 2000, that the cost of completing each duplex is ₦25 million, that is ₦150 million for the six. When compared with the 1993 price of ₦3.56 million for each and ₦21.3 million for all, it could be seen that the cost has attracted 700 per cent increase in price and is now going to take a heavy toll on the treasury. The abandonment was therefore not in the best interest of Government. Even to avoid future abandonment, the Commission has just expressed its resolve to re-

project and taking them one or two at a time. The Commission has been asked to explain the rationale behind the abandonment of the contract in 1993.

(iv) The contract for the furnishing of the Commissions' new Headquarters complex at Maitama, Abuja was awarded in May 1995 to a furniture firm at a contract sum of ₦56,494,776.20, and 50 per cent down-payment was made in the sum of ₦28,247,388.10. The contractor delivered all the items for the furnishing but could not gain access into the building to install the items because the civil works contractor who constructed the building had not yet handed over the keys due to the non-settlement of some of his outstanding contractual entitlement. But the civil works contractor was lenient enough to release the newly constructed warehouse to the furniture firm to store the furniture items. The items remained in the warehouse from June 1995 till 22nd November, 1996 (17 months), when the warehouse was gutted by fire and all the items were burnt. The value of the goods destroyed was put at ₦45,195,820.96. Two main causes of the inferno were identified. They are:

(a) poor structural and electrical works done in the warehouse by the civil works contractor.

(b) lack of fire safety devices in the warehouse.

(v) It is appalling to note that goods worth such a huge amount were stored without installing any fire safety mechanism in the warehouse or within the premises of the complex to be operated by security men. Equally appalling is the fact that the warehouse was certified completed by the consultants and the Federal Capital Development Authority when poor structural and electrical works were done and should have been observed. I have stated in my report that the Civil Works contractor be surcharged for the shoddy job. It is gladdening to note that his retention fee is yet to be released. The money should be permanently withheld and used to cushion the expenditures incurred by the Commission in the repair of the warehouse. The Commission should also cease to employ the services of the consultant to the Headquarters project as they have displayed total incompetence in monitoring and supervisory activities. The Commission has also been asked to explain why it did not invoke clause 18 of the Furnishing Contract Agreement which holds the furnishing contractor liable for the security of furnishing materials delivered and installed until a final certificate of completion is issued. The final certificate of completion had not been issued as at the time of the incident and so the materials were still under his care.

(vi) The Commission in recent times has been taking undue risk of paying contractors advance fees much higher than the level allowed by the Federal Government Regulations. For instance two circulars Nos (i) SGF.21/X/T.2/MISC/II/218 dated 10-7-96; (ii) SGF/OP/1/S.3/T.1/172 dated 11-10-99, fixed the limit of 30 per cent and 25 per cent respectively on advance payments. But the Commission within this period made advance payments as high as 50 per cent in most of the contracts awarded for civil works. For instance, 50 per cent advance was paid in 13 sampled civil works contracts involving an aggregate total amount of ₦127,212,108.18. This violated the Government Regulation. All the same, the huge advance payments did not stop some of the contractors from asking for and obtaining variations or abandoning the contracts. It was explained by INEC's Authority that the Commission is independent and not subject to Federal Government regulations as contained in periodic circulars issued by the Secretary to the Government of the Federation (S.G.F.), but no documentary evidence of this assertion emanating from the S.G.F.'s office was produced for verification. Except a verifiable documentary evidence of granting INEC special immunity from Government regulations by the S.G.F. is produced, the Commission is deemed to have flouted Federal Government regulations governing advance fees and the officers who authorised them are therefore to be held responsible.

All the irregularities have been brought to the Chairman's attention and his reaction is being awaited.

MINISTRY OF INDUSTRY

172. At the Federal Ministry of Industry, Headquarters, Abuja, it was observed that :

(a) Personal advances for amounts totalling ₦3,286,285.00 granted to 27 members of staff of the Ministry between January and December 1999 to enable them render some services and execute some projects were not retired even at the time of the audit inspection in April 2000. Furthermore, these services might have been better rendered or projects executed through the award of contracts after competitive tender procedures or through the issuance of Local Purchase Orders. Urgent steps should be taken to ensure that the advances are retired and retirement particulars furnished for verification.

(b) Touring advances totalling ₦12,485,158.00 granted to 56 members of staff of the Ministry between January and December 1999 were not retired even at the time of the audit inspection in April 2000. One officer was granted three additional advances (all totalling ₦115,000.00) without retiring the previous ones, whereas the Financial Regulations stipulate that touring advances granted to officers must be retired promptly on their return from the tours, failing which they should be recovered from the officers' salaries and also that second advances must not be granted except the previous ones had been retired. Furthermore, the touring advance ledgers were not properly maintained as entries in respect of some of the advances granted by the Ministry were not entered in them.

(c) One hundred and thirty-three (133) payment vouchers for amounts totalling ₦13,939,404.61 paid between February and December 1999 under the Recurrent Expenditure Account and 6 payment vouchers for amounts totalling ₦11,411,744.61 paid within the same period under the Capital Expenditure account were not produced for audit examination. As I cannot therefore satisfy myself that the payments involved were proper charges against public funds, the Permanent Secretary of the Ministry has been requested to produce the vouchers for audit examination.

(d) 3,920 copies of the book titled "Industrialization in Nigeria" published in 1992 at a selling price of ₦1,500.00 per copy, and currently increased to ₦5,000.00 per copy were packed in cartons and abandoned under the Ministry's staircase in Block 'C' extension of the office complex in Abuja. The value of these copies at the old rate would be ₦5,880,000.00, while at the current rate, it would be ₦19,600,000.00. Therefore considering the value of the books, the Ministry failed to exercise due care in taking safety precautions by packing them under the staircase, thereby resulting in huge losses to the Federal Government of Nigeria. The publication by all standards still contained some vital pieces of information on Nigeria industrial matters especially as a reference material. Furthermore, new editions of this publication can only build on this first edition. Also, the 3,920 copies may be utilized by the National Library, Universities, some government Agencies, Nigeria Embassies and High Commissions abroad etc. instead of abandoning them as unserviceable and obsolete items.

(e) Amounts totalling ₦845,000.00 were paid in 1999 for furnishing of 2 Nos 2 bedroom flat rented by the Ministry for the use of the Programme Management Adviser, and the Programme Finance Officer of the United Nations Development Programmes (UNDP) assisted Small and Medium Enterprises Programme in Nigeria. As the programme ended and before the rent of the properties expired in October 1999, the aides of the former Permanent Secretary moved into the flat. The aides are no longer in the services of the Ministry as the Permanent Secretary had been assigned. Therefore, the items of furniture in the rented accommodation should have been retrieved and removed to the Ministry's stores when the rent expired in October 1999 or when the aides ceased to be in the service of the Ministry. The Permanent Secretary has been requested to confirm that the 50 items of furniture detailed in the inventory of the two flats have been retrieved and removed to the store of the Ministry.

INDUSTRIAL DEVELOPMENT CENTRE

173. (i) (a) During the recent audit of accounts maintained at the Industrial Development Centre, Minna, it was noted that a sum of ₦580,000.00 was paid on a payment voucher dated 17th December, 1999 from the Personnel Cost Sub-head for printing of Treasury Forms without approval from the Accountant-General of the Federation contrary to Financial Regulations. It was also noted that the forms were not well documented in the store while the Stores Receipt Voucher quoted on the payment voucher was not produced for inspection.

(b) Three payment vouchers raised on 31st December, 1999 for amounts totalling ₦803,000.00 were not produced for inspection neither was any explanation given as to the services that were rendered. Consequently, I cannot certify that the amount is a proper charge against public funds.

The Permanent Secretary has been requested to explain the contravention of the Financial Regulations on printing of Treasury Forms and furnish copies of the relevant payment vouchers for my examination.

(ii) The audit examination of the accounting records maintained at the Industrial Development Centre, Uyo, revealed that :

(a) Three (3) payment vouchers for amounts totalling ₦128,065.00 raised for the printing of Treasury Forms were wrongly classified to Personnel costs Sub-head contrary to the provision of the Financial Regulations which stipulates that expenditure will be classified strictly in accordance with the Estimates and that votes must be applied strictly to the purpose for which money is provided.

Besides, there was no evidence to confirm that the forms were actually printed and supplied, as the transaction was not reflected in the store records. Consequently, I cannot certify the expenditure as a proper charge against public fund.

(b) In an apparent attempt to prevent funds from lapsing, 2 composite vouchers for amounts totalling ₦46,956.80 were raised on Treasury Form I (TF 1) in December 1998 for 10 members of staff as their Annual Leave Allowances for 1999 leave period contrary to the provisions of the Financial Regulations which stipulate that the authority for any recurrent expenditure lapses at the end of the Financial year to which it relates.

(c) An officer was paid his annual leave allowance of ₦8,649.00 twice in 1999. He was first paid in January 1999 along with his regular monthly salary. Surprisingly, he was paid the same amount again in December 1999. The amount of ₦8,649.00 should therefore be recovered from the officer and recovery particulars produced for my verification.

The issues have been communicated to the Permanent Secretary whose response is being awaited.

MINISTRY OF INFORMATION AND NATIONAL ORIENTATION

174. During the audit examination of accounts and other records maintained at the Federal Ministry of Information and National Orientation, the following observations were made :

(a) The Federal Government Press, Apapa, a department of the Ministry of Information and National Orientation generated revenue totalling the sum of ₦2,314,809.57 from printing of publications between October 1999 and December 1999. However, the revenue was not remitted to the Sub-Treasurer of the Federation as required by the provisions of the Federal Regulations. Instead, the Department spent the revenue on various items such as payment of duty, tour

allowances, NEPA/NITEL bills, out-of-pocket expenses, settling of contractors' Bills and staff overtime claims, etc. without approval. The Permanent Secretary has been informed of the irregularity and his comments are being awaited.

(b) An officer in the Ministry of Information was granted a personal advance of ₦3,359,340.00 to enable him purchase printing materials meant for the production of the new Financial Regulations and Public Service Rules. In the retirement particulars attached to the payment voucher, the officer claimed to have purchased materials worth ₦3,106,550.00, while ₦197,540.00 was regarded as the duty tour allowance for himself and the balance of ₦55,250.00 was said to have been utilised in paying special overtime allowances to some members of staff. The stock of materials claimed to have been purchased for ₦3,106,550.00 was neither seen physically nor taken on store ledger charge before they were issued out for the job. Moreover, there was no record produced to show the names and ranks of officers who were paid the special overtime allowances, the number of days involved and the rates of pay for the individual payees. The Permanent Secretary has been informed of these irregularities and has been requested to ensure that the advance is properly retired by producing all the relevant records or in the alternative recover the money in respect of unjustified expenditure from the affected officer. The recovery particulars should be forwarded for audit verification. His reaction is being awaited.

(c) Rather than allow the sum of ₦13,341,846.00 in the Ministry's vote for the year 1999 to lapse into revenue, the Ministry raised six (6) payment vouchers between 27th and the 31st December, 1999 for various amounts. The cheques were issued in the personal name of the Permanent Secretary and cashed by the Director of Finance and Supply to cover certain expenses which included refund of out-of-pocket expenses, duty tour allowances, personal advances issued to staff and other services, etc. The total amount paid in this way amounted to ₦3,322,000.00 leaving a cash balance of ₦10,019,846.00 which could not be satisfactorily accounted for as no documentary evidence was produced for audit scrutiny to justify the disbursements made. Also, the retirement of the personal advances was done on Treasury Form 10 (FT 10) while the same Form (TF10) was also used to support refund of out-of-pocket expenses and duty tour allowances. The Permanent Secretary has been informed of these irregularities and was requested to furnish documentary evidence to support the disbursement of the unspent balance of ₦10,019,846.00, or the money should be recovered and paid to the Ministry with the recovery particulars forwarded for audit verification.

(d) Three (3) officers were granted personal advances of ₦110,558.00, ₦603,000.00 and ₦100,000.00 respectively with all totalling ₦813,558.00 between November and December 1999 to purchase items such as PABX line and thunder protectors, handset Disc pot, PVC pipe with distribution, cable-Ps, water tank, pumping machine, electrical items and stationery. Audit examination of the supporting documents attached to the relevant vouchers revealed that the items purported to have been purchased were neither taken on Store Ledger charge by the Ministry nor were they supported by approved Store Issue Voucher as evidence of purchase. The irregularities have been conveyed to the Permanent Secretary who was requested to ensure that the advances are properly retired or that the monetary values of the items are recovered from the affected officers, quoting recovery particulars for audit verification. His reaction is being awaited.

(e) Another personal advance was granted to a Grade Level 10 officer for ₦4,062,000.00 in November 1999, to enable him finance public enlightenment campaign through multi-media approach on behalf of the Ministry. The documents produced by the officer to support the retirement voucher appeared not to be genuine. For example, the documents submitted in support of the retirement voucher showed the receipts which bear no logo or name of any

organisation in the country. Furthermore, all printed materials purported to have been procured with the money amounting to ₦1.2 million were neither seen or disclosed nor taken on Store Ledger charge in the Ministry. In the circumstance, I find it extremely difficult to accept the expenditure incurred as proper charges against public fund. The Permanent Secretary has been informed of the irregularities and has been requested to recover the money from the officer quoting recovery particulars for audit verification.

(f) One hundred and forty-two (142) payment vouchers for various amounts totalling ₦248,042,546.70 raised between January and December 1999 and paid under the Recurrent Expenditure Account and another 141 payment vouchers for various amounts totalling ₦279,853,489.96 raised between the same period and paid under the Capital Expenditure Account were not produced for audit examination. As I cannot satisfy myself that various payments made were legitimate charges against public fund, the Permanent Secretary has been requested to kindly produce the vouchers for audit examination.

(g) A cash payment of ₦909,000.00 was made on 24th March, 1999 without the preparation of valid payment voucher and paid to an officer who acknowledged the receipt on Treasury form 10. The purpose of the payment which has not been subjected to any internal control measures was not disclosed and no entry was made in the relevant Cash Book. The payment cannot therefore be regarded as a legitimate charge against public funds and should be recovered from the officer, quoting recovery particulars for audit verification.

(h) Nine (9) payment vouchers for various amounts totalling ₦4,519,000.00 raised between May and September 1999 for the retirement of personal advances granted to some officers of the Ministry were not supported with vital documents such as receipts, bills, invoices, store receipt vouchers, etc. contrary to the provisions of the existing Financial Regulations. I therefore find it difficult to accept the payment as legitimate charges against public fund. The Permanent Secretary has been requested to recover the money from the affected officers and to furnish recovery particulars for audit verification.

(i) A total amount of ₦8,459,347.00 was paid in cash to 30 officers of the Ministry between March and September 1999 to execute certain jobs and render certain services the objectives of which could have been better achieved through issuance of Local Purchase Orders to suppliers or through award of contracts after normal competitive tender procedures. It is therefore necessary to explain the reason for paying such huge amounts in cash to the officers to execute such jobs instead of achieving such objectives through award of contracts after competitive tender procedures.

(j) Similarly, a total sum of ₦2,360,000.00 was granted to 3 officers for the printing of forms and magazines even when the Ministry had a functional and well-equipped printing press (the Federal Government Press) that could have executed the job at a far lesser cost to Government.

(k) Personal and touring advances totalling ₦3,651,156.00 and ₦796,500.00 granted to 32 and 10 officers of the Ministry respectively between April 1998 and December 1999 had not been retired at the time of the audit inspection in September 2000. One officer was granted three separate advances while another officer was granted a second advance without retiring the previous ones, contrary to the provisions of the Financial Regulations.

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

175. At the Federal Information Centre, Owerri, the audit examination of the accounting records revealed that touring advances totalling ₦38,000.00 granted to 18 officers between

January 1991 and April 1994 were still outstanding even at the time of inspection in February 1999, contrary to the provisions of the Financial Regulations.

The Permanent Secretary has been requested to urgently recover the outstanding advances en-bloc from the salaries of the affected officers and furnish me with the recovery particulars. His response is being awaited.

176. At the Federal Information Centre, Jalingo, the audit examination of the accounting records revealed that a payment voucher for ₦231,373.01 raised in December 1999 for the printing of Treasury Forms and letter headed papers was wrongly classified to the Sub-head for Personnel Costs, contrary to the provision of the Financial Regulations which stipulates 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. Besides, 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.

Furthermore, the printed Treasury Forms, and letter-headed papers could not be produced for my inspection. Consequently, I cannot certify the expenditure as a legitimate charge against public funds.

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

VOICE OF NIGERIA

177. Voice of Nigeria (VON), formerly known as External Broadcasting Service, was excised from the Federal Radio Corporation of Nigeria by Decree No. 15 of 14th May, 1991 as a Special Accounting Unit under the Federal Ministry of Information and National Orientation.

The Agency was commissioned to broadcast externally Nigeria's view points to any part of the world and was responsible, among others, for the provision of broadcasting services for global reception. It also collects, receives, provides or subscribes to the News Agency of Nigeria, or information on any part of the World and in the manner the Corporation deems fit. It shall ensure that its news and programmes enhance Nigeria's foreign policy and image.

Audit examination revealed that the sums of ₦25,223,717.00, ₦7,076,306.86 and ₦7,799,960.00 were transferred from Capital Votes to Recurrent Votes in the years 1997, 1998 and 1999 respectively, without any authority for the virement or transfer. This was a violation of the provisions of the Financial Regulations.

The Permanent Secretary has been requested to explain and the matter is under correspondence.

178. (a) A contract for the sum of ₦3,375,000.00 was awarded to a company for the supply of 100KVA Lister generator. Later, the contract was revised downwards to the sum of ₦2,800,468.75 for the supply of 100KVA Perkins generator. However, a payment of ₦3,920,629.15 was still made to the contractor, resulting in an overpayment of ₦1,120,160.40, which should be recovered.

(b) During the period under review, a contract for the sum of ₦886,430.00 was awarded to a company for the furnishing of a five bedroom apartment. The relevant documents for the contract such as Letter of Award, Departmental Tenders Board (D.T.B.) minutes of approval, invoice, job completion certificates, were not produced. However, a mobilisation fee of ₦265,929.00 was paid to the contractor despite the above irregularities. The relevant documents should have been produced while the mobilisation fee should be recovered from the contractor.

(c) A company was awarded a contract for a total sum of ₦15,230,000.00 for the supply and installation of computers. The contract was awarded in two phases. The first phase of the contract was awarded for the sum of ₦7,730,000.00 and a payment of ₦8,116,675.00 was made to the contractor, resulting in an overpayment of ₦386,500.00. This overpayment should therefore be recovered.

(d) The contract for the processing of building plan and acquisition of the Certificate of Occupancy for the development of VON's permanent site was awarded to a firm of Architects at the contract sum of ₦31,448,130.06. A mobilisation fee of ₦10,604,529.79 was paid to the contractor when there was no evidence of letter of award of the contract, contract agreement, competitive tender documents, approved plan by F.C.D.A, Certificate of Occupancy and Architectural/Structural drawings. However, it was surprising to observe that as at the time of the audit site inspection on 28th June, 2000, part of the plot has been encroached upon by a Nigeria Foundation and the remaining part was overgrown with weeds. In other words, payment was made for work not done, and so, value was not received for the money paid. Incidentally, there was no evidence of any development on the site, and as such the Permanent Secretary has been requested to recover the said sum of ₦10,604,529.79 from the contractor and the officers responsible for the payment, while the recovery particulars should be furnished for verification.

(e) Several amounts of money totalling ₦290,000,000.00 were deposited into various bank accounts as fixed deposits. However, the total interest of ₦4,653,103.60 earned on the fixed deposits had not been recorded in any book of accounts as revenue accruing to the agency. The Permanent Secretary has been requested to ensure that this amount is accounted for as stipulated by the Financial Regulations.

(f) A total of 43 payment vouchers for amounts totalling ₦34,023,533.29 were not produced for inspection. As I cannot satisfy myself that the payments involved were legitimate charges against public funds, the Permanent Secretary has been requested to produce the vouchers for examination.

(g) A contract for an amount of ₦628,348.13 was awarded to a company for the repair of leaking roof of the transmitters hall, Phase I Ikorodu, Lagos State. However, the payment for the contract was made without the deduction of the mandatory of 5 per cent VAT and 5 per cent withholding tax both totalling ₦62,834.81. This therefore amounted to a loss of revenue by the Federal Government.

(h) A contract for the sum of ₦2,000,000.00 was awarded to a contractor for the repainting of a broadcasting house at Ikorodu. The payment for the contract was made without deducting VAT and withholding tax value at ₦200,000.00. The Permanent Secretary has been requested to explain and his reply is expected.

(i) A contract for the sum of ₦2,268,538.44 was awarded in 1997 to a contractor for the supply of ten tons Mercedes Lorry for general use at VON. The lorry was supplied and just about two weeks later, the lorry broke down and was grounded since 1997 till date without any effort to repair it. I therefore found it difficult to determine any value for money in this type of project.

The Permanent Secretary has been requested to explain the reason for this colossal loss of government fund, vis-a-vis the concept of value for money. The matter is under correspondence.

MINISTRY OF INTERNAL AFFAIRS

179. Audit examination of the accounts and other records maintained at the Federal Ministry of Internal Affairs Headquarters, Abuja, revealed that:

(a) The loss by theft, of 2 new TEC electrical typewriters valued at ₦300,000.00 property of the Directorate of National Civic Registration Centre, Calabar, was reported to the Police. The circumstances surrounding the loss could not be ascertained during the audit inspection. Furthermore, there was no evidence to prove that the loss was officially reported on Treasury Form 146 in accordance with the provisions of the Financial Regulations.

(b) The loss by theft of 10 units of Computer Monitor (VDU) and the key boards on 6th May, 1998 was reported at the Directorate of National Civic Registration Centre, Computer Centre, Emene, Enugu. The value of the stolen items could not be ascertained at the time of audit inspection. The loss was reported to the Police for further investigation, but the Police report was still being awaited. Meanwhile, no adequate precautionary measure had been put in place to prevent a recurrence. There was no evidence to prove that the loss was officially reported on Treasury Form 146 as required by the provisions of the Financial Regulations. Furthermore, similar cases occurred in 1997 in which a total number of 12 units of computers were reported stolen, bringing the total number of computers stolen to 22. The Permanent Secretary has been requested to ensure that adequate security arrangements are put in place at the Computer Centre to avoid further loss of Federal Government property there.

(c) The Monthly Transcript rendered by a Self-Accounting Ministry or Extra-Ministerial Department to the Accountant-General of the Federation, is in effect a summary under various Heads and Sub-heads of the Receipts and Payments recorded in the Cash Book of the establishment during the month. The balance of the Monthly Transcript should therefore be equal to the Cash Book balance of the establishment concerned. However, the Analysis book which contains the Cash Book summary under various sub-heads was consistently written in pencil instead of in indelible ink and therefore failed to provide reliable and permanent records of receipts and payments recorded in the Cash Book. As a result, it was not easy to audit the Monthly Transcripts of the Ministry.

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

NIGERIA IMMIGRATION SERVICE

180. The audit verification of some capital projects being undertaken by the Nigeria Immigration Service revealed that:

(a) A contract for the construction of 2 Nos 3-bedroom bungalows to serve as quarters for Immigration officers at Numan Road, Yola, was awarded to a contractor in August 1990 at a cost of ₦390,000.00 and total contract sum of ₦780,000.00 with a completion period of 16 weeks. Amounts totalling ₦528,547.50 were paid to the contractor between 1991 and 1992 based on actual work carried out as evidenced by payment certificates numbers 1 and 2. A technical report on the project had then quantified the work done at 69.5 per cent.

Surprisingly, this contract was re-awarded to the same contractor at a revised contract sum of ₦801,452.50, with a new completion period of 8 weeks, in September 1993 thus bringing the total contract cost to ₦1,330,000.00. The rationale for re-awarding the contract to the same contractor has not been explained. Based on the re-award however, an additional amount of ₦536,250.00 was paid to the contractor in 1994 thereby bringing the total payment to the contractor to ₦1,064,797.00. As at the time of audit verification visit to the site in August 2000,

the project was still at 70 per cent completion stage and the contractor and his workers had since abandoned the site.

The project which was embarked on 10 years ago and was originally to be completed by December 1990 had not been completed as at the end of the year 2000 and there is no sign of its likely date of completion. Moreover, the cost effectiveness of the project has been lost as it is apparent that the balance of ₦265,203.00 on the revised contract sum would be insufficient to complete this project.

(b) Another contract for the construction of 6 Nos 1-bedroom flats at Ilela, Sokoto State, was awarded to a contractor in August 1998 at the total contract sum of ₦5,500,000.00 with a completion period of 8 weeks. The overall objective of the project was to provide decent accommodation for officers of the Immigration Service stationed at the border post, which is very far from any settlement with comfortable accommodation. The contract agreement was signed on 15th September, 1999 and thereafter, a mobilization fee of ₦1,650,000.00, representing 30 per cent of the contract sum was paid to the contractor, who abandoned the construction site after the excavation of trenches. The project had since remained abandoned, thus defeating the initial objective of solving the acute accommodation problems at the post. This contract should be revoked and re-awarded to a more competent contractor while the mobilization fee of ₦1,650,000.00 paid to the first contractor should be recovered.

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

181 During the audit examination of the accounting records maintained at the Nigeria Immigration Services, Uyo, the following observations were noted:

(a) Eight (8) payment vouchers for amounts totalling ₦73,000.00 were raised in March, June and November 1999 to an officer as refunds of out-of-pocket expenses for purchases of stationery, tyres and electrical materials. The items purportedly purchased were not taken on ledger charge as there was no relevant Stores Receipt Vouchers acknowledging their receipt into the Store and neither was any Store issue Voucher raised for the distribution of the items. Since I cannot confirm the actual receipt and usage of these items, it will be difficult to accept the expenditure as a legitimate charge against public funds.

(b) The team of Federal Auditors who examined the accounts of the unit, was denied access to the records relating to Arms and ammunition, contrary to the provisions of the constitution of the Federal Republic of Nigeria which vested the responsibility to carry out the survey of Cash, Stores and other properties of the Federal Government, on the Auditor-General for the Federation or his representatives.

(c) The audit examination of payment vouchers raised by the Nigeria Immigration Service, Uyo in 1999 revealed that various store items worth ₦44,000.00 purportedly purchased and paid for on six payment vouchers between 22nd September, 1998 and 15th March, 1999 were not produced for audit inspection. The command neither maintained a store nor the relevant records like Stores Ledger, Stores Receipt Voucher and Stores Issue Voucher expected to authenticate receipts and issues of items into and from the stores. This flagrant disregard for the Financial Regulations casts a serious doubt on the genuineness of the transactions on which a total of ₦44,000.00 was paid. Consequently, I cannot certify the expenditure as a legitimate charge against public funds.

The issue has been reported to the Permanent Secretary and his response is being awaited.

182. At the Passport Office, Umuahia, Bank Reconciliation Statements were not prepared for

the Passport Account contrary to the provisions of the Financial Regulations. It was therefore difficult to conclude that the transactions of the Office for the period under review, were properly conducted and recorded.

The Permanent Secretary has been requested to produce up to date Bank Reconciliation Statements for my examination. His response is being awaited.

183. While examining the accounting records maintained at the Nigeria Immigration Services State Headquarters, Jalingo, Taraba State, it was observed that a sum of ₦807,340.00 was paid as refund of out-of-pocket expenses to the officer-in-charge on 18 payment vouchers between March and December 1999. These payments were for partitioning and fixing of office equipment, maintenance of passport delivery vehicle, purchase of stationery and repair of motor vehicles. The store items purportedly purchased could not be accounted for as they were neither taken on store charge nor could they be produced physically during the audit check.

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

184. During the audit examination of the accounting records maintained at the Federal Immigration Services, Jos, it was observed that a staff member who went on study leave with pay was posted back to the Department for the National Youth Service. This officer was paid allowances as a Youth Corper while still drawing full salary for 11 months, February 1998 to November 1998 resulting in an overpayment of ₦59,035.99.

The Permanent Secretary, Federal Ministry of Internal Affairs has been requested to recover this amount and furnish me with the recovery particulars. His response is being awaited.

NIGERIA PRISONS SERVICE

185. A random sample review of on-going projects being undertaken by the Nigeria Prisons Service revealed a number of shortcomings in the award and supervision of projects, the highlights of which are reported below:

(a) In an attempt to decongest the existing prisons and make their environment more conducive for living, the Nigeria Prisons Service awarded a contract for the construction of an 80 bed medium security prison at Kotan Karfi, Kogi State, to a Kano-based contractor at a contract sum of ₦702,969.00. The contract agreement was signed on 15th January, 1981. The total contract sum as derived from the detailed Bill of Quantities should have been ₦814,660.00 as against the sum of ₦702,969.00 at which the contract was awarded. A fluctuation claim of ₦182,790.00 was approved in December 1986 to bring the total contract sum to ₦997,459.00. However, available records showed that the contractor had been paid amounts totalling ₦1,194,651.19, indicating an overpayment of ₦197,192.32 on the total contract sum. Incidentally, the contract has remained abandoned at the finishing stage since 1986. Overpayment should, consequently, be recovered from the contractor.

Meanwhile, the objectives of embarking on this project have been defeated and the effectiveness lost as a result of the long delays in the execution and completion of the project.

(b) Another contract for the construction of a 240-bed maximum security prison at Mambila, Benue State, was awarded to a contractor at the total cost of ₦1,933,621.00. It was not possible to ascertain the date of the award and the total amount so far paid to the contractor because the contract file was not produced for examination despite repeated demands. Surprisingly, this contract which originally was to cost less than ₦2 million was in January 1999 re-awarded to the same contractor at a revised total cost of ₦43,186,254.30, with a completion period of 12 weeks.

justification for the re-award of this contract at over 2,000 per cent increase in cost over the original price and to the same contractor who abandoned the project should be explained. Meanwhile, the contractor was paid a sum of ₦20,401,102.75, being 50 per cent of the revised contract sum as mobilization fees in November 1999. But at the time of the audit verification in August 2000 the project was only 40 per cent completed and had again been abandoned by this contractor a second time. As the contractor was yet to perform to the level of payment made, it is contended that he was deliberately prolonging the completion of the project to create an enabling environment for future fluctuation claims. Efforts should be made to get the contractor to complete the project at no additional cost so that the cost effectiveness of the project could be achieved.

(c) The contract for the construction of the 160-bed Kontagora medium security prison was awarded to a Kaduna-based contractor in 1981 at a contract sum of ₦1,314,405.00 with no definite completion time. In addition, the contractor was also awarded the contract for the construction of senior and junior staff quarters at the prison comprising 2 Nos CSP quarters, 4 Nos DSP/ASP quarters, 6 Nos 3-bedroom Chief Warders quarters, 4 Nos Block of 2-bedroom flats, 80 Nos 1-bedroom flats and 1 No. Staff club. The original contract file was said to have been lost and as a result, the cost of the second contract as well as the total amount paid to the contractor before he abandoned the contract in 1986 could not be ascertained.

A re-assessment of the projects by the Works Department of the Prisons Service after the abandonment put the revised overall cost of completing the project at ₦52 million, that is ₦32 million for the prison and ₦20 million for the staff quarters. The new contract was split into 6 tenders of between ₦4,450,000.00 and ₦9,993,600.00 and re-awarded to the original contractor in December 1996 with a completion period of 6 weeks. The rationale for re-awarding the contract to the same contractor who initially abandoned the project is not clear. Moreover, the fragmentation of the contract was intended to avoid a reference to the Federal Executive Council since the total contract sum is well beyond the authorised approving authority of the Ministerial Tenders Board. Anyhow, a 30 per cent mobilization fee amounting to ₦15,594,000.00 was paid to the contractor in December 1996. The project was reportedly completed and commissioned in May 1999.

During the audit verification of this project in August 2000 the following observations were made:

(i) Only twenty-two (22) out of the 80 1-bedroom flats meant to be constructed were completed. The others were abandoned since 1987 despite over 80 per cent payment to the contractor on this aspect of the contract.

(ii) Only three (3) out of the 4 DSP/ASP quarters were constructed, though the contractor had been paid in full, less retention fee for this aspect of the contract.

(iii) Wooden gates were installed on the garages instead of the iron gates specified in the Bill of Quantities.

(iv) The transformer installed by the contractor exploded a day after the commissioning, raising doubts as to its quality.

(v) The poles used for electrification were sub-standard by NEPA rating.

(d) The contract for the construction of access road with drainage at Gusau Prison was awarded to a contractor in December 1998 at the total contract sum of ₦10,843,875.00, with a completion period of 24 weeks. A mobilization fee of ₦3,253,162.50 representing 30 per cent of the contract sum was approved and paid to the contractor in December 1998. 2 other payments for amounts totalling ₦7,319,604.75 were made between February and April 1999 when the job was purportedly completed. By December 1999 the full contract sum, including retention fees,

had been paid on this contract based on certificates of satisfactory performance issued by officials of the Works Department.

Surprisingly, the physical audit verification of the execution of the contract in August 2000 revealed that no access road or drainage was ever constructed at the prison by the contractor. This indicated a glaring case of payment for services not rendered. The full contract value of ₦10,843,875.00 should therefore be recovered from the contractor and the officials of the Works Department who were responsible for this lapse.

The Comptroller-General of Prisons has been alerted on these abandoned and uncompleted projects which require urgent attention. His reaction is being awaited.

186. The audit examination of the accounting records maintained at the Nigeria Prisons Service, State Headquarters, Lafia, Nasarawa State revealed that a payment voucher of ₦219,500.00 was raised in March 2000 in favour of a contractor for the printing of Treasury Forms. This payment was wrongly classified to the sub-head for Personnel Costs contrary to the provisions of the Financial Regulations. Besides, no authority was obtained from the Accountant-General of the Federation for the printing of the Treasury Forms. Furthermore, the items purportedly printed could not be produced for my inspection. I therefore find it difficult to accept the expenditure as proper charge against public fund.

Amounts totalling ₦359,150.00 were paid to a contractor in December 1999 on 2 payment vouchers for the supply of soap for the use of the inmates. It was observed that these payments were made by the Federal Pay Officer, Jos, despite the fact that the Ministry did not have any backing for the payments contrary to extant regulations.

Furthermore, the payment vouchers were not supported with the relevant Stores Receipt Vouchers as evidence that the items were receipted into the store. As I cannot satisfy myself that the payments were legitimate charges against public fund, the Permanent Secretary has requested to produce the supporting documents for my verification.

The attention of the Permanent Secretary has been drawn to these anomalies and response is being awaited.

187. At the Nigeria Prisons Service, Gusau, the following observations were noted:

(a) A contract for the construction of perimeter wall was awarded in December 1998 to a contractor at a cost of ₦14,960,861.75 and the completion period was 6 months. An advance payment of ₦4,488,2589.52 and a sum of ₦1,269,249.73 on interim valuation were initially paid to the contractor who performed the job up to the foundation level before abandoning the contract in 1998. This contract was finally terminated in July 2000 and re-awarded to another contractor for a contract sum of ₦7,899,465.00.

The Permanent Secretary has been requested to recover the amount of ₦5,777,508.23, the cost of the work done up to the foundation level from the former contractor and furnish treasury receipt particulars for verification.

(b) Another contract for drilling a borehole with solar pump at Gusau prison; reactivation of boreholes at Argungu, Birnin-Kebbi and Zuru prisons and provision of concrete bases for Kamba and Kaura Namoda prisons, all for a contract sum of ₦9,356,500.00 was awarded to a contractor in February 1999. The contractor was paid 30 per cent advance payment of ₦2,806,950.00 and had worked on some of the locations but abandoned the project. The excuse that the contract price for the solar pumps was below the market price. The levels of the completed work and their locations could not be provided for my verification.

Audit investigation revealed that some contractors awarded similar type of jobs for equal contract sum had completed their jobs on schedule. The contractor should refund the contract sum of ₦2,806,950.00 less the estimated cost of the jobs done so far.

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

188. The examination of accounting records maintained at the Nigeria Prisons Service, Ikoriki, Lagos revealed that amounts totalling ₦91,000.00 was withdrawn from the Prisoners' Properties in 4 prisons by the prisons authority since November 1995. This amount was said to be pending the receipt of the Command's special allocation of fund for the movement of coup convicts to various prisons nationwide. However, the amount is yet to be paid back as at the time of audit in April 1999.

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

189. (a) A loss of the sum of ₦4,184,045.27 occurred through armed robbery at the Nigeria Prisons Headquarters, Benin City. The amount involved was the December 1998 salary of members of staff of the 5 units in the Department. The loss which took place at the Central Pay Office was as a result of failure to comply with the existing circular that salaries should not be paid in cash but to the banks. Besides, the loss has not been officially reported on Treasury Form 146 required by the Financial Regulations.

(b) A former Central Pay Officer was overpaid the amount of ₦500,000.00 by the Central Bank of Nigeria while cashing the December 1998 salary of staff and officers of para-military and Ministry of Internal Affairs of Edo State Command. This amount was later deducted from the first quarter 1999 allocation of the Command. This overpayment should have been returned to the Central Bank of Nigeria, Benin City instead of the deduction from the Command's allocation. The former Central Pay Officer should be surcharged for the amount of ₦500,000.00 and recovery particulars produced for my verification.

These irregularities have been brought to the attention of the Permanent Secretary whose response is being awaited.

190. At the Nigeria Prisons Service, State Headquarters, Minna, it was observed that:

(a) Approval was specifically given in March 1998 by the Nigeria Prisons Headquarters that water should be supplied to the Kagara Prison formation. The letter of approval directed that a maximum of 16 tanks of water should be supplied monthly at the rate of ₦1,500.00 per tank, amounting to ₦24,000.00 per month. Between March and September 1999, a period of 19 months, a sum of ₦456,000.00 should have been expended in accordance with the approval. However, the unit did not only disregard this directive in respect of Kagara Prison, it went ahead to pay contractors for water they allegedly supplied to the six other Prison formations. Consequently, a total amount of ₦3,909,500.00 was expended on water supply. Even if approval had been given for the supply of water to the seven prison formations at the approved rate, an overpayment of ₦2,085,500.00 was made. The officer who approved the payment and the contractors should be surcharged for the amount.

(b) Amounts totalling ₦472,000.00 were paid to the Controller of Prisons between 22nd April and 19th November, 1999 as refunds of out-of-pocket expenses incurred in running the prison formation. It is very difficult to accept that any civil servant can afford to spend such a huge amount of money from his income before claiming refund. I cannot, therefore, certify the expenditures as proper charges against public funds.

(c) Assorted store items valued at ₦375,704.00 could not be accounted for during a surprise audit check on the store. Some of the items were not even taken on ledger charge while the items entered into the ledger were not physically seen during the audit. All the items should be accounted for.

The irregularities have been brought to the attention of the Permanent Secretary and a response is being awaited.

CUSTOMS, IMMIGRATION AND PRISONS PENSION OFFICE

191. At the Customs, Immigration and Prisons Pensions Office, Gwagwalada, Ministry of Internal Affairs, Abuja, it was observed that:

(a) Seven (7) cheques for amounts totalling ₦1,229,173.17 were reported stolen at Customs, Immigration and Prisons Pensions Office, Gwagwalada and were replaced with 7 other cheques without following the laid down procedures. Further audit verification revealed that investigation was conducted to determine the circumstances surrounding the loss of cheques, and no disciplinary action was taken against those involved in the loss of cheques. In an office where bank reconciliation was not regularly carried out, the loss of cheques and their replacement without proper procedures could lead to unwarranted loss of funds from the accounts of the organisation. The loss of the cheques should be investigated with a view to avoiding a recurrence and taking disciplinary action against the officer responsible for the loss.

(b) A cash advance of ₦100,000.00 granted to a female staff of the Customs, Immigration and Prisons Pension Office in October 1999 to enable her organise the hosting of the Board Trustees meeting was not retired even at the time of audit inspection in July 2000, where provision of 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." Urgent steps should be taken to get the advance retired as otherwise, the amount should be deducted from the salary of the officer.

(c) Refund out-of-pocket expenses totalling ₦158,372.00 were paid to 22 officers of Customs, Immigration and Prisons Pension Office on 24th May, 1999 without vital supporting documents, such as, receipts, invoices, etc., attached to the payment vouchers in support of payments. As it is difficult to confirm that the payments involved were proper charges against public funds the Permanent Secretary has been requested to produce the vital documents for audit inspection.

(d) Nineteen (19) payment vouchers for amounts totalling ₦1,689,250.00 paid under Recurrent Expenditure Account and 30 payment vouchers for amounts totalling ₦9,143,000.00 paid under Capital Expenditure Accounts between January and December 1999 respectively 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.

(e) At the Ibadan Zonal Office of the Customs, Immigration and Prisons Pensions Office, cheques for amounts totalling ₦181,834.34 were reported stolen from the motor vehicle of the Officer-in-charge on 27th October, 1999. The matter was said to have been reported to the Officer-in-charge of Unit, but no further action was taken before the cheques were replaced by the Officer-in-charge contrary to extant regulations. The Permanent Secretary has been requested to investigate the matter and confirm whether the loss of the cheques emanated from irregularities perpetrated by some members of staff of the office.

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

PRISONS AND IMMIGRATION BOARD

192. The audit examination of the accounts and records maintained at the Prisons and Immigration Board, Gwagwalada, Abuja, revealed that:

(a) Withholding tax totalling ₦126,340.00 was not deducted from payments made to a contractor in 1999 for the supply of a Peugeot 504 station wagon at the cost of ₦2,526,800.00. This resulted in a loss of revenue to the Federal Government of Nigeria.

(b) Personal advances totalling ₦1,352,060.00 granted to 9 staff members of the Board between 1998 and 1999 to execute certain projects or render some services were not retired even at the time of audit inspection in May 2000. Furthermore, these projects should have been better executed or the services rendered by the award of contracts after competitive tender procedures or through the issuance of local purchase orders. Efforts should therefore be made to get the advances retired, failing which they should be recovered en bloc from the salaries of the affected officers.

(c) Similarly, personal advances totalling ₦695,000.00 granted to 6 officers of the Prisons and Immigration Board between 1998 and 1999 to enable them purchase fuel for their official vehicles had not been retired as at the time of audit inspection in May 2000. Incidentally, 4 of these officers had been granted additional advances without retiring the previous ones, whereas the provisions of the Financial Regulations stipulate that the "Accounting Officers are responsible for ensuring the prompt repayment by instalments or otherwise, of all advances approved." Furthermore, the Board granted personal advances to these officers to fuel their official vehicles, whereas the Ministry's existing policy is to provide ₦10,000.00 per month for the fuelling and minor maintenance of each vehicle on submission of receipts for the purpose.

(d) The Board failed to maintain plant ledgers to records both fixed and movable items as required by the Financial Regulations. Also, items of plant and furniture purchased directly by the Board or acquired from other establishments were not serially numbered as required by the existing Regulations. Moreover, the locations of furniture and equipment within the office building were not recorded in the Master Inventory Record to show their locations as required by the provisions of the Financial Regulations. Also, Furniture Inventory Boards were not displayed in all the offices, whereas the Financial Regulations stipulate that such boards should be displayed to record the distribution of furniture and equipment in each room or group of rooms.

(e) A Peugeot 504 saloon car with Registration No. FG 211A14 bought for ₦350,000.00 in 1990, property of Prisons and Immigration Board was involved in an accident along Bwari Road, Abuja, when a Deputy Director to whom the vehicle was attached was driving himself home after closing, contrary to the existing regulations that permit only government drivers to drive official cars. The accident had not been reported to the appropriate authorities as required by the provisions of the Financial Regulations. Besides, no disciplinary action including surcharge was taken against the Deputy Director involved.

(f) Three (3) motor vehicles with registration Nos FG 343A14, engine and chassis No. 016391887, FG 269A14, engine and chassis number unknown and FG 275A14 and chassis No. 0614523 were not produced for my inspection. The Transport Officer claimed complete ignorance of their whereabouts. The Permanent Secretary has been requested to produce the 3 motor vehicles for audit inspection.

(g) In an attempt to assist the workers and make life more meaningful, the Board awarded contract for the supply of one (1) 2000 gallon water tank to a contractor on 21st May, 1998. The contract sum of ₦135,000.00. The procedure adopted in awarding the contract was self-tendering instead of competitive tendering. Besides, while a store receipt voucher produced as evidence of purchase, the water tank was not physically seen during the inspection. As a result, it became doubtful whether the item was actually supplied. Permanent Secretary has been requested to produce the 2,000 gallon water tank for inspection or alternatively recover ₦135,000.00 from the contractor involved furnishing recovery particulars for audit inspection.

(h) Contract for the sums of ₦2,000,000.00 and ₦500,000.00 were awarded to a contractor on 29th December, 1998 with a completion period of 2 weeks, for the repainting (₦2,000,000.00) and carpeting (₦500,000.00) of the Board's 2 storey office building complex. However, audit of the site revealed as follows:

(i) The painting of the entire ground floor which was quantified at a total of ₦307,450.00 was not carried out by the contractor.

(ii) Five (5) other rooms on the first floor of the building were equally not painted.

(iii) Twenty-three (23) rooms including the Commissioner's waiting room were not carpeted by the contractor.

(iv) The rugs removed from the other rooms were neither returned to the store nor produced for physical audit inspection.

The Permanent Secretary has been requested to ensure that all the outstanding works are completed by the contractor involved, or alternatively recover ₦307,450.00, the appropriate total value of all works not executed from the contractor furnishing recovery particulars for audit verification.

(i) Similarly, another contract awarded to a different contractor at a contract sum of ₦2,500,000.00 in May 1999, included the procurement of carpet costing ₦75,000.00 for the furnishing of a room for visitors which had already been covered by the previous contract on carpeting ₦500,000.00. This was apparently a duplication of the contract by the Board. The Permanent Secretary has been requested to recover the sum of ₦75,000.00 from the first contractor furnishing me with the recovery particulars for audit verification.

(j) Contract for the renovation of the house at Block 9, Karu site at the total sum of ₦1,300,000.00 was deliberately split into 3 tenders and awarded to 3 different contractors on the same day in an apparent attempt to circumvent the tenders procedures as required by the provisions of the Financial Regulation which stipulate that "it is an offence for an officer to deliberately split tenders so as to circumvent the provisions of this chapter. A breach of trust will be severely dealt with by a competent disciplinary authority as laid down in the Civil Service Rules." The 3 contracts totalling ₦1,300,000.00 were for relaying of floor tiles at a contract sum of ₦450,000.00, reconstruction of mosquito net at a contract sum of ₦400,000.00 and the re-roofing of a section of the house at a contract sum of ₦500,000.00. However, audit scrutiny revealed the following anomalies:

(i) No bills of quantities were produced for audit inspection in spite of repeated requests for them.

(ii) No contract agreements were made available for audit.

(iii) The contracts were funded under Recurrent Expenditure votes and Permanent Secretary's Office.

(iv) All the replaced items from the house were not returned to store as required by the Financial Regulations.

(v) All efforts made for audit visit to the site to see the extent of work done by the contractors were frustrated.

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

DIRECTORATE OF CIVIC REGISTRATION CENTRE

193. The audit examination of the accounts and other records maintained at the Directorate of Civic Registration Centre, Abuja revealed that:

(a) Thirty-eight (38) out of 105 portable generating sets stored in a container at the premises of the Centre valued at ₦950,000.00 were discovered missing on 23rd June, 1997 following a physical check on the contents of the container by Management. The case was reported to the Police, and 2 security officers were arrested for their involvement in the loss. 4 out of the 30 missing generators were later recovered by the Police, but had not yet been released to the Department. Meanwhile, the theft is yet to be formally reported to the appropriate authorities as required by the provisions of the Financial Regulations. The Permanent Secretary is yet to furnish me with relevant documents on the loss. The matter is under correspondence.

(b) The gear box of a Leyland tanker with registration No. 14 FGN 1854 and engine No. 44825, chassis No. 61751 and the distributor of the service pick-up No. 14 FGN 2055 engine No. 1086231 belonging to the Directorate of Civic Registration Centre were reported stolen on 23rd June, 1997. The case was reported to the Police, and the security officer was said to have been charged to Wuse Magistrate Court for prosecution. Meanwhile, the loss has not been officially reported on Treasury Form 146, as required by the Financial Regulations.

(c) A Peugeot 504 station wagon with registration No. FG 62 A 14 and engine No. 0064852 belonging to the Directorate of Civic Registration Centre was involved in an accident on 3rd June, 1998 while travelling from Abuja to Kano. According to the Police report, the driver of the vehicle ran into a stationary tipper lorry with registration No. XA 171 GR from the rear thus causing the death of the driver on the spot. The other four members of staff in the vehicle were hospitalised in a Kano hospital as a result of injuries sustained by them. The accident was yet to be formally reported in accordance with the provisions of the Financial Regulations.

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

JUDICIARY

SUPREME COURT OF NIGERIA

194. The audit examination of the accounts and other records maintained at the Supreme Court, Abuja, in 1999 revealed that:

(a) Office equipment and stores valued at ₦4,927,630.00 were not taken on store ledger charge, and they were also not recorded on the tally cards. Besides, the issuing out from stock of essential items were not evidenced by any stores issue vouchers or authorised on stores requisition forms.

(b) The stores were not well maintained, as no racks or pallets were provided for proper arrangement of store items, hence items were lumped together on the floor. It was therefore difficult to carry out effective audit check of the stores.

(c) Contracts for amounts totalling ₦5,620,000.00 were awarded to three contractors in 1997 and 1998. The contracts were for the supply of equipment, tools and instructional materials to 8 Trade Testing Centres in the Federation. In June 1999, a Performance Audit examination carried out by this Office at the Kaduna Trade Centre which was used as depot for the goods procured for distribution to the benefitting Trade Testing Centres revealed that the items contracted for were delivered and taken on stores ledger charge at the Ministry Headquarters in Abuja. Thereafter, all the items were despatched to Kaduna Trade Testing Centre where no records were maintained for them. Thus, the items were subject to pilfering. During a stock taking exercise at the Centre, various items for amounts totalling ₦81,900.00 were recorded as shortages. Also, some building materials valued at ₦83,685.00 were allowed to waste away unutilized. Moreover, the tools and equipment supplied worth ₦3,382,170.00 and meant for distribution to the 8 Trade Testing Centres were bundled and diverted to the Kaduna Centre only at the expense of other Centres that should have benefitted from the procurement thus defeating the main objective of the exercise.

(d) The 1999 Monthly Bank Reconciliation Statements prepared by the Ministry revealed that the actual cash book balances were different from the balances used in the preparation of the Statements. The Recurrent Expenditure Account had a difference of ₦29,882,145.50 while the Capital Expenditure Account showed a balance of ₦5,053,681.32. The figures used as cash book balances for the preparation of the Reconciliation Statement would therefore appear to be fictitious. The differences should be subjected to a thorough investigation after which necessary disciplinary action should be taken against the negligent officers.

(e) The 1999 monthly transcripts rendered to the Accountant-General of the Federation showed glaring discrepancies between the monthly transcripts figures and the cash book balances for 11 months of the year. The differences ranged between ₦115,730.59 (Debit) in July 1999 and ₦2,252,844.05 (Credit) in October 1999. These differences should be investigated and the results furnished to me for audit verification.

(f) Differences also existed between the figures in the Analysis Book and those of the monthly transcripts for 8 months in 1998. These differences further escalated in 1999 and could not be explained. The monthly transcript is an important statement of account rendered monthly to the Office of the Accountant-General of the Federation to enable him produce authentic Financial Statements for the nation. The preparation of such an important document should not be left to inexperienced accounts officers.

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

206. A loss by theft of an ash-coloured Peugeot 504 saloon car with registration FG126A08, engine/chassis No. 6141127 purchased in 1998 at a cost of ₦2,500,000.00 and belonging to the Federal Ministry of Labour and Productivity was reported. The vehicle was stolen at Ilupeju, Lagos State under unknown circumstances.

The loss has not been officially reported as required by the Financial Regulations. Attention of the Permanent Secretary has been drawn to the matter and he has been requested to formally issue an official query to the affected driver, conduct an internal investigation, complete the relevant Form TF 146 and to distribute copies of the report accordingly. His response is being awaited.

207. During the audit examination of the accounts and other records maintained at the Industrial Arbitration Panel, Abuja, the following observations were made:

(a) In January 1999, a private motor mechanic engaged by the Industrial Arbitration Panel was paid the sum of ₦35,070.00 for the repair of a Peugeot 504 saloon car with registration no. FG13H08. According to the job specification as shown on the relevant payment voucher, the mechanic was requested to repair the brake caliper, door, engine and handle, complete side mirror, servo, etc. However, in March 1999 less than two months after the job was given to the mechanic, another payment was made to the same motor mechanic for an amount of ₦294,000.00 while the scope of work this time involved only the replacement of 2 doors, right fender, complete roof, rear light, windscreen and gear of the same vehicle. However, audit investigation revealed that there was no complaint made by the user of the vehicle or any other evidence that the vehicle had been involved in any accident to warrant changing those vital items in the vehicle as mentioned in the second set of repairs. The Arbitration Panel has been requested to justify the need for the second set of expenditure which would appear to be an irregular charge against public fund and, also to produce the unserviceable parts supposedly replaced in the vehicle in accordance with the provisions of the existing Financial Regulations.

(b) During the same audit inspection in March 1999, the Transport Officer was advanced the sum of ₦250,000.00 to purchase spare parts for the repair of the same vehicle. There was no justification for this advance since repairs and replacement of spare parts have all been included in the sum of ₦294,000.00 paid to the mechanic. Besides, the Transport Officer has not retired the advance granted to him as required by Financial Regulations. The amount of ₦250,000.00 should be recovered from the Transport Officer while the recovery and the receipt particulars should be furnished for verification.

(c) An officer at the Industrial Arbitration Panel was granted a special advance of 120,000.00 for the purpose of hiring a vehicle (a trailer) which would convey office furniture and equipment from Lagos office to Abuja office in November 1999. However, the plan to relocate more staff to Abuja for which the request for a trailer was based did not materialise in 1999. The officer has also not considered it necessary to retire the advance granted to him as required by the Financial Regulations. The officer should refund the sum of ₦120,000.00 and forward recovery treasury receipt particulars for audit verification.

The issues have been taken up with the Chairman of Industrial Arbitration Panel and his reply is being awaited.

NATIONAL INDUSTRIAL COURT

208. The audit examination of the accounting records maintained at the National Industrial Court, Lagos revealed that:

(a) A sum of ₦108,000.00 was paid to a company in Lagos in December 1999 for the servicing and over-hauling of 31 window unit air-conditioners without any job order being issued and the details of the work to be carried out on each of the air-conditioner units, were not stated. The amount paid appeared to be exorbitant and was contrary to the provisions of the Financial Regulations which stipulate that money must not be spent merely because it has been voted. It was therefore difficult to accept the expenditure as a proper charge against public funds.

(b) The Bank Reconciliation Statements were prepared and submitted up to the month of May 1999 only. Moreover, 29 cheques for various amounts totalling ₦612,650.15 issued between May 1998 and March 1999 had become stale and should have been written back to chest but were still reflected as unpresented cheques.

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

NATIONAL ASSEMBLY

209. During the examination of payment vouchers raised at the National Assembly, Abuja between August and December 1999, the following irregularities were observed :

(i) In December 1999, a limited liability company based in Abuja was paid a total sum of ₦77 million being part payment of the contract awarded for the installation of street lights from the National Assembly Complex to the Eagle Square, Abuja. At the meeting of the principal officer of the National Assembly, held in November 1999, 28 out of 29 members present approved the award of the contract for a total sum of ₦175 million being the amount provided for the project in the approved 1999 Supplementary Budget based on a professional report, using selective tendering procedure, and payment was to be made within seven days from the date of the meeting. Earlier, a joint meeting of the Senate and House Services Committee had invited a consultant to review the scope of work for which the sum of ₦18,602,942.74 was paid to the consultant. The Federal Capital Development Authority had also earlier submitted a bill for ₦175 million for the project. Based on the consultant's report, quotations were invited from three contractors who quoted for ₦180,930,502.00 ; ₦200,620,000.00 and ₦173,502,000.00 respectively. After due negotiations, the lowest bidder was awarded the contract for the sum of ₦175 million. An agreement dated 16th December, 1999 and letter of award dated 7th December, 1999 were issued to the contractor while a bank bond was provided dated 14th December, 1999. The anticipatory approval was sought for and received from the Senate President. However, during the audit examination of the vouchers for the project, the job completion certificates for the various components of the job payments, and the relevant minutes of the Tenders Board which ratified the anticipatory approval were not attached to the voucher. The Permanent Secretary and Clerk of the National Assembly had been informed of the irregularities and had been requested to furnish the necessary documents for audit verification. His reply is being awaited.

(ii) In November 1999, the sum of ₦114,999,840.00 was paid to the Chairman of House Services Committee and 359 other Honourable Members to cover the cost of quarters works for refurbishing of the same at the rate of ₦319,444.00 per member. Audit investigation revealed that the amounts were neither charged to Advances Accounts for which appropriate Letters should have been opened nor were the advances retired in accordance with the Public Service Rules and Financial Regulations. The Permanent Secretary and Clerk of the National Assembly had been informed of the situation and has been requested to ensure that appropriate Letters accounts are kept in the legislators' names and the advances granted them are retired accordingly. He is also expected to furnish the retirement particulars for audit verification. His reaction is being awaited.

(iii) Another sum of ₦198,000,000.00 was paid to the Chairman of House Services Committee and 359 others being payment to the Honourable members for furnishing and equipping their constituencies offices at the rate of ₦550,000.00 per member. The amounts also presumed to be advances against the legislators should be retired in accordance with extant Financial Regulations and the retirement particulars furnished for audit verification.

The Permanent Secretary has been notified of various issues raised above and his reaction is being awaited.

210. A Peugeot 505 saloon car with registration No. NASS 83 belonging to the National Assembly was reported stolen in September 1999. No other information regarding the vehicle had been made available. The loss of this vehicle was made known through a letter written by the Chairman, Senate Committee on Internal Affairs to the Permanent Secretary/Clerk of the National Assembly.

(a) In January 1999, a private motor mechanic engaged by the Industrial Arbitration Panel was paid the sum of ₦35,070.00 for the repair of a Peugeot 504 saloon car with registration no. FG13H08. According to the job specification as shown on the relevant payment voucher, the mechanic was requested to repair the brake caliper, door, engine and handle, complete side mirror, servo, etc. However, in March 1999 less than two months after the job was given to the mechanic, another payment was made to the same motor mechanic for an amount of ₦294,000.00 while the scope of work this time involved only the replacement of 2 doors, right fender, complete roof, rear light, windscreen and gear of the same vehicle. However, audit investigation revealed that there was no complaint made by the user of the vehicle or any other evidence that the vehicle had been involved in any accident to warrant changing those vital items in the vehicle as mentioned in the second set of repairs. The Arbitration Panel has been requested to justify the need for the second set of expenditure which would appear to be an irregular charge against public fund and, also to produce the unserviceable parts supposedly replaced in the vehicle in accordance with the provisions of the existing Financial Regulations.

(b) During the same audit inspection in March 1999, the Transport Officer was advanced the sum of ₦250,000.00 to purchase spare parts for the repair of the same vehicle. There was no justification for this advance since repairs and replacement of spare parts have all been included in the sum of ₦294,000.00 paid to the mechanic. Besides, the Transport Officer has not retired the advance granted to him as required by Financial Regulations. The amount of ₦250,000.00 should be recovered from the Transport Officer while the recovery and the receipt particulars should be furnished for verification.

(c) An officer at the Industrial Arbitration Panel was granted a special advance of 120,000.00 for the purpose of hiring a vehicle (a trailer) which would convey office furniture and equipment from Lagos office to Abuja office in November 1999. However, the plan to relocate more staff to Abuja for which the request for a trailer was based did not materialise in 1999. The officer has also not considered it necessary to retire the advance granted to him as required by the Financial Regulations. The officer should refund the sum of ₦120,000.00 and forward recovery treasury receipt particulars for audit verification.

The issues have been taken up with the Chairman of Industrial Arbitration Panel and his reply is being awaited.

NATIONAL INDUSTRIAL COURT

208. The audit examination of the accounting records maintained at the National Industrial Court, Lagos revealed that :

(a) A sum of ₦108,000.00 was paid to a company in Lagos in December 1999 for the servicing and over-hauling of 31 window unit air-conditioners without any job order being issued and the details of the work to be carried out on each of the air-conditioner units, were not stated. The amount paid appeared to be exorbitant and was contrary to the provisions of the Financial Regulations which stipulate that money must not be spent merely because it has been voted. It was therefore difficult to accept the expenditure as a proper charge against public funds.

(b) The Bank Reconciliation Statements were prepared and submitted up to the month of May 1999 only. Moreover, 29 cheques for various amounts totalling ₦612,650.15 issued between May 1998 and March 1999 had become stale and should have been written back to chest but were still reflected as unrepresented cheques.

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

NATIONAL ASSEMBLY

209. During the examination of payment vouchers raised at the National Assembly, Abuja between August and December 1999, the following irregularities were observed:

(i) In December 1999, a limited liability company based in Abuja was paid a total sum of ₦77.5 million being part payment of the contract awarded for the installation of street lights from the National Assembly Complex to the Eagle Square, Abuja. At the meeting of the principal officers of the National Assembly, held in November 1999, 28 out of 29 members present approved the award of the contract for a total sum of ₦175 million being the amount provided for the project in the approved 1999 Supplementary Budget based on a professional report, using selective tendering procedure, and payment was to be made within seven days from the date of the meeting. Earlier, a joint meeting of the Senate and House Services Committee had invited a consultant to review the scope of work for which the sum of ₦18,602,942.74 was paid to the consultant. The Federal Capital Development Authority had also earlier submitted a bill for ₦5 million for the project. Based on the consultant's report, quotations were invited from three contractors who quoted for ₦180,930,502.00; ₦200,620,000.00 and ₦173,502,000.00 respectively. After due negotiations, the lowest bidder was awarded the contract for the sum of ₦175 million. An agreement dated 16th December, 1999 and letter of award dated 7th December, 1999 were issued to the contractor while a bank bond was provided dated 14th December, 1999. The anticipatory approval was sought for and received from the Senate President. However, during the audit examination of the vouchers for the project, the job completion certificates for the various components of the job payments, and the relevant minutes of the Tenders Board which ratified the anticipatory approval were not attached to the voucher. The Permanent Secretary and Clerk of the National Assembly had been informed of the irregularities and he has been requested to furnish the necessary documents for audit verification. His reply is being awaited.

(ii) In November 1999, the sum of ₦114,999,840.00 was paid to the Chairman of House Services Committee and 359 other Honourable Members to cover the cost of quarters works and refurbishing of the same at the rate of ₦319,444.00 per member. Audit investigation revealed that the amounts were neither charged to Advances Accounts for which appropriate Ledgers should have been opened nor were the advances retired in accordance with the Public Service Rules and Financial Regulations. The Permanent Secretary and Clerk of the National Assembly had been informed of the situation and has been requested to ensure that appropriate ledgers are kept in the legislators' names and the advances granted them are retired accordingly. He is also expected to furnish the retirement particulars for audit verification. His reaction is being awaited.

(iii) Another sum of ₦198,000,000.00 was paid to the Chairman of House Services Committee and 359 others being payment to the Honourable members for furnishing and equipping their constituencies offices at the rate of ₦550,000.00 per member. The amounts also presumed to be advances against the legislators should be retired in accordance with extant Financial Regulations and the retirement particulars furnished for audit verification.

The Permanent Secretary has been notified of various issues raised above and his reaction is being awaited.

210. A Peugeot 505 saloon car with registration No. NASS 83 belonging to the National Assembly was reported stolen in September 1999. No other information regarding the lost vehicle had been made available. The loss of this vehicle was made known through a letter written by the Chairman, Senate Committee on Internal Affairs to the Permanent Secretary/Clerk of

National Assembly dated 10th September, 1999. The vehicle was said to have been stolen in the early hours of 10th September, 1999 at his residence in Wuse 11, Abuja. Police interim report dated 22nd September and a sworn affidavit of 9th November, 2000 were produced. However, the loss was not reported officially as required by the provisions of the Financial Regulations.

The Permanent Secretary/Clerk of the National Assembly has been requested to forward the final Police report and to report officially the loss on Treasury Form 146 in accordance with the provisions of the Financial Regulations. His response is still being awaited.

211. During the audit examination of the Stores maintained at the National Assembly Complex, the following lapses were observed:

(a) No Tally Cards were in use to show at a glance the level of stock held and this made it difficult to ascertain the actual physical balances of the items without extensive counting. The non-maintenance of the Tally Cards violated the provisions of the Financial Regulations.

(b) Twenty-seven (27) items consisting of various valuable stores such as Fax machines, Television sets, refrigerators, gas cookers, shredding machines, photocopy machines, Rank Xerox paper, computer parts, Compaq APC UPSt, etc., valued at ₦12,705,800.00 for which Store Receipt Vouchers had been raised were not posted in the appropriate ledgers as required by the Financial Regulations.

(c) Plant Ledgers for recording these valuable stores items purchased with public funds were not maintained.

(d) No standard ledger (such as Kalamazoo Ledgers) were in use to indicate the unit cost of the store items to facilitate comparison of the Store Receipt Vouchers with the ledger entries.

The Permanent Secretary and Clerk of the National Assembly has been informed of these anomalies and lapses and his reaction is being awaited.

212. During the audit examination of the Advances Ledgers and records maintained at the National Assembly Complex in Abuja it was observed that:

(a) Nine hundred and five (905) personal advances for various amounts totalling ₦141,765,387.87 were granted to staff to carry out various assignments including purchases of items. However, at the time of audit inspection in August 2000 more than one year after, these advances have not yet been retired. Many officers even got more than five outstanding advances against them contrary to the Financial Regulations which provide that no new advance should be granted if previous ones had not been retired. Moreover, the various purchases for which the advances were granted should have been obtained through contracts after competitive tender procedures or through issuance of local purchase orders. The Permanent Secretary/Clerk of the National Assembly has been requested to recover the advances and furnish recovery particulars for audit verification.

(b) Twenty-nine (29) senior officers were granted motor vehicle refurbishing loans of ₦20,000.00 each for amounts totalling ₦580,000.00 between February and March 1999. As at the time of audit inspection in August 2000, only two monthly instalmental deductions had been made, leaving a total balance of ₦474,866.63 still outstanding. Efforts should be made to get these advances retired as otherwise the amounts involved should be recovered en bloc from the officers' salaries while the recovery particulars should be furnished for verification.

(c) Thirty-seven (37) junior staff members were also granted motor-cycle refurbishing loans of ₦5,000.00 each for amounts totalling ₦185,000.00 between January and March 1999. However, as at the time of audit inspection in August 2000, only two monthly instalmental

deductions had been effected from some staff while in some cases, no deductions have been made whatsoever. The loans taken by two officers were not even recorded in the ledger. A total balance of ₦169,226.63 was thus still outstanding as at August 2000. The Permanent Secretary/Clerk of the National Assembly has been requested to ensure that the advances are retired, otherwise the amounts involved should be recovered en bloc from the officers' salaries while the recovery particulars should be furnished for verification.

(d) Five (5) payment vouchers raised under the Capital Expenditure Vote of the National Assembly for various amounts totalling ₦9,493,662.94 were paid without the relevant supporting documents such as contract agreements, invoices, performance bonds, store receipt vouchers, certificates of job completion or letters of award, etc. attached to the payment vouchers to confirm the authenticity of the expenditure. On account of this, it is therefore difficult to confirm that the expenditure involved were proper charges against public funds.

(e) The sum of ₦498,000.00 was paid to a company in March 1999 for the supply of law books to the National Assembly's Library. Though the books were received on a numbered Store Receipt Voucher yet they were neither forwarded to the Store nor put in the Library. The whereabouts of the expensive books could not be located even at the time of audit inspection in November 2000. The Permanent Secretary and Clerk of the National Assembly has been informed of the irregularity and has been requested to produce the books for audit verification. His reaction is being awaited.

(f) A security service company located at Plot 1021 Cadastral Zone A3, Garki, Abuja was paid the sum of ₦1,095,000.00 on 27th December, 1999 to provide security services to the National Assembly Complex especially during the Xmas and New Year celebrations, as recommended by the House Services Committee. The company was commissioned to provide its service by posting security guards daily to the various locations including the legislators' quarters at a huge cost of ₦7,300.00 per guard. The payment of ₦1,095,000.00 represented an advance payment for 3 months as recommended by the Director of Finance and Supplies, though the Speaker had initially approved 6 months payment for the guards. However, further audit investigation revealed that relevant documents such as letter of contract award which show the terms of the agreement, Tenders Board minutes, Job Completion Certificates were not attached to the voucher. It is doubtful if 150 guards were actually deployed by the company to guard the various areas indicated as members of the Nigeria Police Force were always available to provide surveillance for the security of government. The Permanent Secretary and Clerk of the National Assembly had been informed of the matter and was requested to comment on or recover the money paid to the security organisation. His reaction is being awaited.

(g) A company located at Plot 2357 Douala Street, Abuja, was paid the sum of ₦8.5 million through anticipatory approval on the 22nd December, 1999 being 50 per cent advance payment for clearing and gardening of Apo legislative quarters. The payment was made possible through a memorandum addressed to the Senate President through the Clerk of the National Assembly by the Director of Planning, Research and Statistics on 30th November, 1999. A memorandum sought and obtained anticipatory approval in principle for the award of a contract for the sum of ₦17 million to the company pending ratification by the Senate President. The contract agreement was eventually signed on the 21st December, 1999 after a letter of award dated 6th December, 1999 had been issued. There was however no competitive tender allowed by the existing Financial Regulations, as only the company quoted for the job. Investigation revealed that there were several complaints and questions on the below average performance of the contractor which culminated in most legislators resorting to doing the

National Assembly dated 10th September, 1999. The vehicle was said to have been stolen in the early hours of 10th September, 1999 at his residence in Wuse 11, Abuja. Police interim report dated 22nd September and a sworn affidavit of 9th November, 2000 were produced. However, the loss was not reported officially as required by the provisions of the Financial Regulations.

The Permanent Secretary/Clerk of the National Assembly has been requested to forward the final Police report and to report officially the loss on Treasury Form 146 in accordance with the provisions of the Financial Regulations. His response is still being awaited.

211. During the audit examination of the Stores maintained at the National Assembly Complex, the following lapses were observed:

(a) No Tally Cards were in use to show at a glance the level of stock held and this made it difficult to ascertain the actual physical balances of the items without extensive counting. The non-maintenance of the Tally Cards violated the provisions of the Financial Regulations.

(b) Twenty-seven (27) items consisting of various valuable stores such as Fax machines, Television sets, refrigerators, gas cookers, shredding machines, photocopy machines, Rank Xerox paper, computer parts, Compaq APC UPSt, etc., valued at ₦12,705,800.00 for which Store Receipt Vouchers had been raised were not posted in the appropriate ledgers as required by the Financial Regulations.

(c) Plant Ledgers for recording these valuable stores items purchased with public funds were not maintained.

(d) No standard ledger (such as Kalamazoo Ledgers) were in use to indicate the unit cost of the store items to facilitate comparison of the Store Receipt Vouchers with the ledger entries.

The Permanent Secretary and Clerk of the National Assembly has been informed of these anomalies and lapses and his reaction is being awaited.

212. During the audit examination of the Advances Ledgers and records maintained at the National Assembly Complex in Abuja it was observed that:

(a) Nine hundred and five (905) personal advances for various amounts totalling ₦141,765,387.87 were granted to staff to carry out various assignments including purchases of items. However, at the time of audit inspection in August 2000 more than one year after, these advances have not yet been retired. Many officers even got more than five outstanding advances against them contrary to the Financial Regulations which provide that no new advance should be granted if previous ones had not been retired. Moreover, the various purchases for which the advances were granted should have been obtained through contracts after competitive tender procedures or through issuance of local purchase orders. The Permanent Secretary/Clerk of the National Assembly has been requested to recover the advances and furnish recovery particulars for audit verification.

(b) Twenty-nine (29) senior officers were granted motor vehicle refurbishing loans of ₦20,000.00 each for amounts totalling ₦580,000.00 between February and March 1999. As at the time of audit inspection in August 2000, only two monthly instalmental deductions had been made, leaving a total balance of ₦474,866.63 still outstanding. Efforts should be made to get these advances retired as otherwise the amounts involved should be recovered en bloc from the officers salaries while the recovery particulars should be furnished for verification.

(c) Thirty-seven (37) junior staff members were also granted motor-cycle refurbishing loans of ₦5,000.00 each for amounts totalling ₦185,000.00 between January and March 1999. However, as at the time of audit inspection in August 2000, only two monthly instalmental

deductions had been effected from some staff while in some cases, no deductions have been made whatsoever. The loans taken by two officers were not even recorded in the ledger. A total balance of ₦169,226.63 was thus still outstanding as at August 2000. The Permanent Secretary/Clerk of the National Assembly has been requested to ensure that the advances are retired, as otherwise the amounts involved should be recovered en bloc from the officers' salaries while the recovery particulars should be furnished for verification.

(d) Five (5) payment vouchers raised under the Capital Expenditure Vote of the National Assembly for various amounts totalling ₦9,493,662.94 were paid without the relevant supporting documents such as contract agreements, invoices, performance bonds, stores receipt vouchers, certificates of job completion or letters of award, etc. attached to the payment vouchers to confirm the authenticity of the expenditure. On account of this, it is therefore difficult to confirm that the expenditure involved were proper charges against public funds.

(e) The sum of ₦498,000.00 was paid to a company in March 1999 for the supply of law books to the National Assembly's Library. Though the books were received on a numbered Store Receipt Voucher yet they were neither forwarded to the Store nor put in the Library. The whereabouts of the expensive books could not be located even at the time of audit inspection in November 2000. The Permanent Secretary and Clerk of the National Assembly has been informed of the irregularity and has been requested to produce the books for audit verification. His reaction is being awaited.

(f) A security service company located at Plot 1021 Cadestral Zone A3, Garki, Abuja was paid the sum of ₦1,095,000.00 on 27th December, 1999 to provide security services to the National Assembly Complex especially during the Xmas and New Year celebrations, as recommended by the House Services Committee. The company was commissioned to provide its service by posting 150 security guards daily to the various locations including the legislators' quarters at a huge cost of ₦7,300.00 per guard. The payment of ₦1,095,000.00 represented an advance payment for 3 months as recommended by the Director of Finance and Supplies, though the Speaker had initially approved 6 months payment for the guards. However, further audit investigation revealed that the relevant documents such as letter of contract award which show the terms of the agreement, Tenders Board minutes, Job Completion Certificates were not attached to the voucher. It was doubtful if 150 guards were actually deployed by the company to guard the various areas indicated as members of the Nigeria Police Force were always available to provide surveillance for the area concerned. I therefore find it difficult to regard the expenditure incurred as being in the best interest of government. The Permanent Secretary and Clerk of the National Assembly had been informed of the matter and was requested to comment on or recover the money paid to the security organisation. His reaction is being awaited.

(g) A company located at Plot 2357 Douala Street, Abuja, was paid the sum of ₦8.5 million through anticipatory approval on the 22nd December, 1999 being 50 per cent advance payment for clearing and gardening of Apo legislative quarters. The payment was made possible through a memorandum addressed to the Senate President through the Clerk of the National Assembly by the Director of Planning, Research and Statistics on 30th November, 1999. The memorandum sought and obtained anticipatory approval in principle for the award of a contract for the sum of ₦17 million to the company pending ratification by the Senate President. The contract agreement was eventually signed on the 21st December, 1999 after a letter of award dated 6th December, 1999 had been issued. There was however no competitive tendering allowed by the existing Financial Regulations, as only the company quoted for the job. An investigation revealed that there were several complaints and questions on the below average performance of the contractor which culminated in most legislators resorting to doing their

gardening and fumigation by themselves. The company was said to have since continued with only refuse collection and disposal within the Apo legislative quarters. It would appear that the company had not performed according to expectation. Consequently, the contract should be determined, so that the values of the job done so far should be assessed, priced and the value deducted from the advance payment made. The balance should be refunded to chest and further payments discontinued.

The Permanent Secretary has been asked to explain the anomalies arising from this contract and to recover any overpayment that might have arisen. The recovery particulars should be furnished for audit verification. His comments and reactions are being awaited.

213. During the audit examination of the accounts and other records maintained at the National Assembly for the year under review, it was observed that:

(a) Thirty (30) payment vouchers for various amounts totalling ₦35,914,344.38 paid under the Capital Expenditure Account and 50 payment vouchers for various amounts totalling ₦12,483,928.25 paid from the Recurrent Expenditure Account were not made available for audit inspection. As I therefore find it difficult to accept such payments as proper charges against public funds, the Permanent Secretary and Clerk of the National Assembly has been requested to kindly produce the vouchers for examination.

(b) A one-day workshop for the Reconciliation Committees and Chairmen of both the Senate and House of Representatives was planned by the National Assembly in September 1999. A company was paid the sum of ₦490,000.00 to organise the workshop. Unfortunately, the proposed workshop was not held as planned but the money had already been paid to the company. Audit investigation confirmed that the Internal Audit Unit's advice that the money granted should be treated as an advance to be retired appropriately was ignored. There was also no official receipt obtained from the company for the money received. The Permanent Secretary and Clerk of the National Assembly had been requested to recover the sum of ₦490,000.00 from the company since no service had been rendered and to furnish recovery particulars for audit verification.

(c) In July 1999, the Chief Legislative Counsel in the National Assembly was granted a personal advance of ₦58,000.00 while on official duty tour to Kaduna. In the retirement particulars attached to the payment voucher, duty tour allowances paid to the Chief Legislative Counsel and the Senior Legislative Officer who accompanied him on the tour were put as ₦21,000.00 and ₦15,000.00 respectively while the sum of ₦12,000.00 was paid as transport in-lieu of official vehicle to and from Kaduna. At the same time, a separate sum of ₦10,000.00 was paid as transport allowances for the two officers at the rate of ₦5,000.00 each. The payment of ₦10,000.00 for the two officers would amount to double payment and so should be recovered from them. The Permanent Secretary and Clerk of the National Assembly had been requested to recover the overpayment of ₦10,000.00 from the affected officers and to forward the recovery particulars for audit verification.

(d) An officer was granted a personal advance in November 1999 to meet the expenses to be incurred by the Honourable speaker and his staff during an official tour of Sokoto and Enugu. While retiring the advance, the officer erroneously put his duty tour allowance at the rate of ₦7,500.00 per night for four nights instead of ₦7,000.00 which was his legitimate rate of allowance thus resulting in an overpayment of ₦2,000.00. Another officer on the same trip and of the same rank also collected excess duty tour allowance of ₦2,000.00 having been paid at the same rate for 4 days. The Permanent Secretary and Clerk of the National Assembly has been requested to recover the total sum of ₦4,000.00 from the two officers and to forward the relevant recovery particulars for audit verification. His reaction is being awaited.

(e) Rather than the National Assembly to order for the supply of the 1999 Constitution of the Federal Republic of Nigeria from the Federal Government Printers, which is the Publisher of the document, the Clerk of the National Assembly approved the sum of ₦360,000.00 in October 1999 as a personal advance to enable the Assistant Director Printing to produce 500 copies of the Constitution privately at unit cost of ₦720.00 per copy. Audit investigation revealed that the cost of a copy of the 1999 Constitution as produced by the Ministry of Information (Federal Government Press) was ₦150.00. Incidentally, the National Assembly paid a total sum of ₦360,000.00 for 500 copies of the Constitution which would have been procured at a lesser total cost of ₦75,000.00 if procured from the Federal Government Press. Thus, an excess payment of ₦285,000.00 was incurred on the transactions by the National Assembly. The Permanent Secretary and Clerk of the National Assembly has been informed of the situation and he has been requested to ensure that the personal advance was retired by the Assistant Director and retirement particulars forwarded for audit verification.

(f) A security officer in the National Assembly was granted a personal advance of ₦2,502,000.00 in November 1999 to enable him procure on behalf of the ADC to the Deputy Speaker, House of Representatives artworks of reputable Nigerian artists mostly paintings done on canvas depicting the culture of Nigeria for presentation as souvenirs to the 11-man delegation of American Members of Congress who visited Nigeria from 15th to 17th December, 1999. The personal advance had not been retired as at the time of audit inspection in October 2000. The Permanent Secretary and Clerk of the National Assembly has been requested to explain why an amount of that magnitude could be given to a Security Officer instead of a Protocol Officer and also to ensure that the advance is fully retired and retirement particulars forwarded for audit verification. His reply is being awaited.

(g) In December 1999, the National Assembly paid a total sum of ₦151,000.00 in respect of an Honourable member's traditional marriage held at Uyo, Akwa Ibom State. The money represented duty tour allowances paid to seven people who attended the ceremony, which included the Honourable Member (₦60,000.00) one Chief Legislative Aide (₦28,000.00), a Special Assistant (₦15,000.00) a driver (₦12,000.00), a Secretary (₦7,500.00) and a legislative staff (₦7,500.00) totalling ₦151,000.00. On account of this ceremony, an overpayment of ₦6,000.00 and ₦2,000.00 was made to both the Special Assistant and driver respectively totalling ₦8,000.00 in respect of irregular calculation of the duty tour allowances due to them. The Permanent Secretary and Clerk of the National Assembly has been requested to recover the overpayment of ₦8,000.00 from the two persons and also to furnish the authority for the payment of duty tour allowances in respect of a purely private journey undertaken by a member of the Legislature. He was also requested to forward the recovery particulars relating to the overpayment made for audit verification.

(h) A sum of ₦578,400.00 was paid in December 1999 to the ADC to the Deputy Speaker, House of Representatives being the refund of out-of-pocket expenses allegedly paid in procuring items such as a Sony TV for the Deputy Speaker's Office for ₦250,000.00, uniforms for unspecified number of drivers for ₦222,400.00, and uniforms for unspecified number of domestic staff for ₦106,000.00. These items were neither supported by any invoice nor taken on Store ledger charge as required by the provisions of the Financial Regulations. The Permanent Secretary and Clerk of the National Assembly has been informed of this irregularity and was requested to furnish the relevant purchase invoices and receipts and also show the breakdown of the number of drivers and domestic staff who were issued with the uniforms. His reaction is being awaited.

(i) A Protocol Officer was granted a personal advance of the sum of ₦485,000.00 in December 1999 to enable him arrange hotel accommodations for a delegation of four (4) Honourable Members who were to visit U.S.A, Brazil and United Kingdom to understudy the U.S.A. Congress remunerations' package in order to assist them in making a submission to the Revenue

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Mobilisation and Fiscal Commission on Legislators' salaries and allowances. Interestingly, members of the delegation were to travel through Kano where they spent 4 days before embarking on their journey abroad. Each member of the delegation was thus paid per diem amount of ₦100,000.00 at the rate of ₦25,000.00 per day. In addition, transport grant to each member was paid at rate of ₦10,000.00 per day totalling ₦40,000.00. The Protocol Officer also collected for himself ₦20,000.00 for a day for 4 days and transport expenses for ₦5,000.00 to and from Kano. At the time of audit inspection in October 2000, the advance had not been retired by the Protocol Officer. The Permanent Secretary and Clerk of the National Assembly has been informed of the situation and has been requested to confirm why the Honourable members were paid per diem at the rate of ₦25,000.00 instead of ₦15,000.00 as laid down in the existing Rules. He was also requested to ensure that the advance was properly retired by the Protocol Officer and the retirement particulars forwarded for audit verification. His reactions are being expected.

(j) In July 1999, the sum of ₦306,915.36 was paid to one Superintendent of Police and 50 others as legislative duty allowances for the months of June and July 1999. Attached to the relevant voucher was a list containing only 20 police officers who benefitted from the allowances while the rank of each officer and amount paid to him per month were not specified. I therefore find it difficult to accept the payment as legitimate charges against public fund. The Permanent Secretary and Clerk of the National Assembly has been requested to supply the missing information and particulars to justify the expenditure incurred and also to recover overpayments made to the 30 police officers not included in the list attached to the voucher while recovery particulars should be furnished for audit verification. His reply is being awaited.

(k) A personal advance of ₦2.23 million was granted to the Chief Press Secretary to the Honourable Speaker of the House of Representatives in December 1999 to enable him entertain the Media Community in Lagos and Abuja during the millennium Christmas celebrations. The advance had not been retired at the time of audit inspection in October 2000. However, the schedule of estimated expenditure attached to the relevant payment vouchers stated that the advance was to cover payment to Nigeria Television Authority for ₦480,000.00, gift items and souvenir for House Correspondents for ₦800,000.00 and ₦950,000.00 for Senate Correspondents. The Permanent Secretary and Clerk of the National Assembly has been requested to ensure that the advance was properly retired by the Chief Press Secretary and to furnish retirement particulars for audit verification. His reaction is being awaited.

(l) In December 1999, a total sum of ₦2,180,000.00 was paid by the National Assembly on three (3) separate payment vouchers to various officers in the Protocol Unit as dressing or outfit allowances. The first payment voucher dated 13th December, 1999, was raised in favour of one officer and 20 others for ₦1,415,000.00. The second payment voucher dated 14th December, 1999 was raised in favour of one officer and 6 others for ₦375,000.00 while the third payment voucher dated 19th December, 1999 was raised in favour of one officer and 9 others for ₦390,000.00. The irregularities involved in these payments are as follows:

- (i) the dressing or outfit allowances were not based on any circular but only on individual application and approval by the Clerk of the National Assembly;
- (ii) the outfit allowances are approved and paid only to legislative aids or security personnel in accordance with the existing Circular No. NASS/1195/1 of 17th August, 1999;
- (iii) the dressing or outfit allowances are not provided for in the new Public Service Rules.
- (iv) no uniform standard was applied in the payment of the allowances as different amounts were disbursed to staff on the same salary grade level.

In the circumstance, I find the payment of dressing or outfit allowances to staff as irregular

as they were not based on any financial authority. The Permanent Secretary and Clerk of the National Assembly has been informed of the irregularities and was requested to recover the amounts from the 47 beneficiaries and to forward recovery particulars for audit verification. His reaction is being awaited.

(m) The sum of ₦800,000.00 was paid in December 1999 to the Head of Legal Department as refund of out-of-pocket expenses which he allegedly incurred for furnishing his residence. The officer had earlier been given approval and paid the sum of ₦500,000.00 to bring the total amount due for his grade level to ₦1,300,000.00. In the details attached to the payment voucher, the total items of furniture and fittings paid for by the officer amounted to only ₦672,000.00 but he was erroneously paid a total of ₦800,000.00 for which he claimed to have paid as refund of out-of-pocket expenses. The Permanent Secretary has been requested to reconcile the total payments made to the officer and to recover any overpayment that might have arisen from the transaction. He was also requested to furnish the recovery particulars of any overpayment for audit verification. His reaction is being awaited.

(n) A cash advance of ₦250,000.00 was paid to a Protocol Officer in December 1999 to enable him procure 4 (Nos) full portraits of the Deputy House Leader at the rate of ₦62,500.00 per portrait. The money paid for an expenditure of this nature would appear to be outrageous and in addition the personal advance has not been retired at the time of audit inspection in October 2000. The Permanent Secretary/Clerk of the National Assembly has been requested to ensure that the advance was properly retired by the officer and to furnish relevant particulars for audit verification. His reply is being awaited.

NATIONAL EMERGENCY MANAGEMENT AGENCY

214. During the audit examination of the accounts and other records maintained by the National Emergency Management Agency, it was observed that the Organisation was allocated the sum of ₦150,159,475.00 during the year under review. The Organisation, however, failed to render monthly statements of accounts of how the funds were disbursed in form of Transcripts, etc. to the Office of the Accountant-General of the Federation as provided for in the Financial Regulations.

The issue has been taken up with the Director-General of the Agency requesting him to ensure that his Organisation rendered monthly Transcripts to the Office of the Accountant-General of the Federation to facilitate the preparation of annual Financial Statements of Government. His reaction is being awaited.

NATIONAL POPULATION COMMISSION

215. During the audit examination of the accounts and other records maintained at the National Population Commission Headquarters in Abuja, the following observations were made:

(a) Personal and cash advances totalling ₦33,717,968.75 granted to 43 officers of the Commission for various purposes between January and December 1999 remain unretired. Some of the officers were granted multiple advances without the retirement of previous ones contrary to Financial Regulations. One particular officer was granted amounts totalling ₦16,400,000.00. Efforts should be made to get these advances retired or the amounts involved should be recovered from the affected officers salaries and the recovery particulars forwarded for audit verification.

(b) The contract for the supply of vital registration materials worth ₦10,980,000.00 was deliberately split amongst two contractors without following competitive tender procedures thereby circumventing approval by the Tenders Board and violating the provisions of the Financial Regulations.

Mobilisation and Fiscal Commission on Legislators' salaries and allowances. Interestingly, members of the delegation were to travel through Kano where they spent 4 days before embarking on their journey abroad. Each member of the delegation was thus paid per diem amount of ₦100,000.00 at the rate of ₦25,000.00 per day. In addition, transport grant to each member was paid at rate of ₦10,000.00 per day totalling ₦40,000.00. The Protocol Officer also collected for himself ₦20,000.00 for a day for 4 days and transport expenses for ₦5,000.00 to and from Kano. At the time of audit inspection in October 2000, the advance had not been retired by the Protocol Officer. The Permanent Secretary and Clerk of the National Assembly has been informed of the situation and has been requested to confirm why the Honourable members were paid per diem at the rate of ₦25,000.00 instead of ₦15,000.00 as laid down in the existing Rules. He was also requested to ensure that the advance was properly retired by the Protocol Officer and the retirement particulars forwarded for audit verification. His reactions are being expected.

(j) In July 1999, the sum of ₦306,915.36 was paid to one Superintendent of Police and 50 others as legislative duty allowances for the months of June and July 1999. Attached to the relevant voucher was a list containing only 20 police officers who benefitted from the allowances while the rank of each officer and amount paid to him per month were not specified. I therefore find it difficult to accept the payment as legitimate charges against public fund. The Permanent Secretary and Clerk of the National Assembly has been requested to supply the missing information and particulars to justify the expenditure incurred and also to recover overpayments made to the 30 police officers not included in the list attached to the voucher while recovery particulars should be furnished for audit verification. His reply is being awaited.

(k) A personal advance of ₦2.23 million was granted to the Chief Press Secretary to the Honourable Speaker of the House of Representatives in December 1999 to enable him entertain the Media Community in Lagos and Abuja during the millennium Christmas celebrations. The advance had not been retired at the time of audit inspection in October 2000. However, the schedule of estimated expenditure attached to the relevant payment vouchers stated that the advance was to cover payment to Nigeria Television Authority for ₦480,000.00, gift items and souvenir for House Correspondents for ₦800,000.00 and ₦950,000.00 for Senate Correspondents. The Permanent Secretary and Clerk of the National Assembly has been requested to ensure that the advance was properly retired by the Chief Press Secretary and to furnish retirement particulars for audit verification. His reaction is being awaited.

(l) In December 1999, a total sum of ₦2,180,000.00 was paid by the National Assembly on three (3) separate payment vouchers to various officers in the Protocol Unit as dressing or outfit allowances. The first payment voucher dated 13th December, 1999, was raised in favour of one officer and 20 others for ₦1,415,000.00. The second payment voucher dated 14th December, 1999 was raised in favour of one officer and 6 others for ₦375,000.00 while the third payment voucher dated 19th December, 1999 was raised in favour of one officer and 9 others for ₦390,000.00. The irregularities involved in these payments are as follows:

(i) the dressing or outfit allowances were not based on any circular but only on individual application and approval by the Clerk of the National Assembly;

(ii) the outfit allowances are approved and paid only to legislative aids or security personnel in accordance with the existing Circular No. NASS/1 195/1 of 17th August, 1999;

(iii) the dressing or outfit allowances are not provided for in the new Public Service Rules.

(iv) no uniform standard was applied in the payment of the allowances as different amounts were disbursed to staff on the same salary grade level.

In the circumstance, I find the payment of dressing or outfit allowances to staff as irregular

FEDERAL OFFICE OF STATISTICS

220. During the audit examination of the accounts and other records maintained at the Federal Office of Statistics Headquarters, Abuja, the following observations were made:

(a) Personal advances for amounts totalling ₦9,853,807.00 were granted to 87 members of staff of the Federal Office of Statistics between February and December 1999 and had not been retired at the time of audit inspection in October 2000. 13 of them were granted between two and three advances without retiring the previous ones, whereas the Financial Regulations stipulate that personal advances must be retired promptly and that second advances must not be granted unless the first ones had been retired.

The Director-General has been requested to recover the outstanding advances and furnish the recovery particulars for audit verification.

(b) Seventy-four (74) payment vouchers raised between May and December 1999 for amounts totalling ₦9,312,002.57 were wrongly classified to the various Sub-heads of the Federal Office of Statistics. This is a direct infringement of the provisions of the Financial Regulations which stipulate that "Expenditures will be classified strictly in accordance with the Estimates and Votes must be applied only for the purpose for which the money is provided. Expenditure incorrectly charged to a vote will be disallowed by the Accountant-General."

The Director-General has been requested to explain this apparent irregularity.

(c) One hundred (100) unpresented cheques for amounts totalling ₦7,023,982.70 continue to feature in the Bank Reconciliation Statement prepared for the Recurrent Expenditure account of the Office. Some of these unpresented cheques dated as far back as 1997 which ought to have been written back to the Cash Book having become stale. The unpresented cheques were related mostly to deductions payable to the Federal Inland Revenue Service. The Director-General has been requested to write the unpresented cheques back to the Cash Book.

(d) Similarly, 6 unpresented cheques for amounts totalling ₦2,934,022.59 were noted as at December 1999 in the Bank Reconciliation Statements prepared for the Capital Account. Most of the cheques were issued since 1997 and 1998 and would obviously have become stale and should therefore be written back into the cash book.

The attention of the Director-General has been drawn to these issues and his reaction is being awaited.

221. Audit examination of the accounting records maintained at the Federal Office of Statistics, Katsina, revealed that 4 payment vouchers for amounts totalling ₦264,380.00 were paid to 2 contractors between February and August 1998 for the repairs of a grounded official Toyota Land Cruiser with registration number 17 FGN 384.

Audit investigation revealed that the repair jobs were not executed whereas payments were made. Furthermore, there were no Stores Receipt Vouchers and Stores Issue Vouchers to authenticate the receipts of the spare parts into the Store and issuance of such items therefrom. As I cannot satisfy myself that the payments were legitimate, the Director-General has been requested to recover the amount of ₦264,380.00 from the officer(s) who authorised the payments and furnish me with the recovery particulars. His response is being awaited.

222. During the recent audit inspection of the accounts of the Federal Office of Statistics, Minna, Niger State, it was observed that:

(a) An amount of ₦60,900.00 was withdrawn by the Statistician on 31st December, 1998 for a survey to be conducted in 1999. It is rather surprising that there was no evidence that this

survey was conducted nor any receipt produced to show that those members of staff that should have conducted the survey signed for the money.

(b) Store items worth ₦131,005.00 allegedly supplied by 4 contractors and 5 members of staff between June and December 1999 could not be traced to the store nor seen physically. There was also no stores receipt vouchers nor stores issue vouchers produced for my inspection.

The Permanent Secretary has been requested to cause the affected officers to account for the sum of ₦191,905.00 and his response is being awaited.

MINISTRY OF PETROLEUM RESOURCES

223. During the audit examination of the accounts and other records maintained by the Ministry of Petroleum Resources for the year under review, the following observations were made:

(a) Ten (10) officers from the Department of Petroleum Resources, Lagos were granted personal advances totalling ₦242,914.00 between March and December 1999 and these advances had not been retired as at the time of audit inspection in September 2000.

(b) Similarly, one officer who was granted a touring advance of ₦30,000.00 since November 1999 had not yet retired the advance contrary to the extant regulations. These advances should be retired and retirement particulars furnished for audit verification.

(c) At the Revenue Section of the Department of Petroleum Resources, one booklet of receipt book with the serial numbers 190901-190950 used for revenue collection could not be produced. Efforts should be made to produce the receipt booklet for audit examination.

(d) A total sum of ₦66,895.56 relating to items which had been described as "Payments in Bank not in Cash Book" should have been investigated and if found legitimate, cleared from the Ministry's account. They might be illegal debits into the Ministry's account.

(e) At Warri, an officer was paid the sum of ₦50,920.00 as refund of medical expenses which he incurred in December 1999. Audit scrutiny of the relevant voucher dated 4th December, 1999 revealed that the correct amount on the bill should be ₦41,920.00 and not ₦50,920.00. The overpayment of ₦9,000.00 should be recovered from the officer and the recovery particulars furnished for audit verification. At the same station, there were no records maintained for personal and touring advances granted to staff as required by the provisions of the Financial Regulations.

(f) At Port Harcourt, a total of ₦128,487.50 was paid to 5 (five) contractors for various services allegedly rendered to the Department of Petroleum Resources. However, there were no authentic documents such as signed contract agreements or work orders, invoices, bills and receipts attached to the relevant payment vouchers to justify the payments made. I therefore find it difficult to accept the expenditure as legitimate charges against public funds. The sum of ₦128,487.50 paid should be recovered from the contractors and recovery particulars forwarded for audit verification.

(g) At the Department of Petroleum Resources, Lagos, a total of ₦3,740,711.90 of withholding tax was collected between January and December 1999, while only the sum of ₦2,983,413.83 was remitted to the Federal Inland Revenue Service (FIRS), leaving a balance of ₦757,298.07 not yet remitted to Federal Inland Revenue Service at the time of audit inspection in September 2000. The unpaid balance of ₦757,298.07 should be remitted to Federal Inland Revenue Service, while relevant treasury receipt particulars should be furnished for audit verification. Similarly, a total amount of ₦5,535,167.31 was collected as Value Added Tax (VAT)

neither seen physically nor traced into the Stores Ledger despite the fact that numbered Stores Receipt Vouchers were purportedly issued to cover the items. The Permanent Secretary has been requested to confirm the whereabouts of the store items and to produce them for audit verification. His reaction is being awaited.

(o) In December, 1999, 5 (five) contractors were paid ₦150,500.00, ₦116,664.35, ₦19,040.00, ₦130,320.00 and ₦123,400.00 with all totalling ₦1,500,000.00 for the supply of stationery items. Audit examination of the letters of award issued to the contractors revealed that the quantities of each item contained in the letters of award were reduced after approval had been secured for the supply and these irregular practices resulted in a loss of public funds, totalling ₦579,924.25 to the government. The Permanent Secretary had been requested to recover the total sum of ₦579,924.25 from the affected contractors, or the officer(s) who collaborated with them to perpetrate the irregular action, and to furnish the recovery particulars for audit verification.

(p) A total sum of ₦785,771.00 was paid to two contractors in May 1999 for the repairs and general renovation of the Ministry's staff quarters located at Plot 90 Extension III Kubwa and No. 42, 12 Crescent Kado Housing Estate Abuja. The expenditure incurred was wrongly charged against the maintenance of office equipment and furniture sub-head of the Recurrent Expenditure Vote instead of the Capital Expenditure Vote. Moreover, there was no work order issued and the relevant invoice was not attached to the payment voucher. The Permanent Secretary has been requested to explain the anomalies found and his reaction is being expected.

(q) A total sum of ₦15,215.00 was paid to a motor company in February, 1999 for the repairs of an official vehicle-Peugeot 504 saloon car with registration Number FG 002 A08, Engine Number 41100015644 and Chassis Number 41100105644. An audit scrutiny of the relevant payment voucher revealed the following anomalies: repair work was allegedly done in December, 1996, while the request for the approval of the repair was given on the 3rd October, 1997 (10 months after the purported repairs), the approval for payment by the Director of Finance and Supply was given on the 20th December, 1998 (two years after the repairs). The invoice in support of payment was dated 23rd February, 1999 while the actual payment of ₦15,215.00 was made on the 26th February, 1999. The Permanent Secretary had been requested to comment on the apparent irregularities observed and his reply is being awaited.

(r) In July 1999, the sum of ₦135,905.00 was paid to an officer—Director of Planning, Research and Statistics, as a refund of out-of-pocket expenses which the Director allegedly incurred for the repairs of his generator. Audit investigation revealed that the generator was privately owned by the officer as the equipment did not form part of the assets owned by the Ministry as shown by the Plant/Asset Register. Moreover, there was no record to show that a generator was allocated officially to the officer. The Permanent Secretary had been requested to recover the total sum of ₦135,905.00 from the officer and to forward recovery particulars for audit verification.

(s) Records kept in the accounts section of the Ministry revealed that a total sum of ₦3,065,008.29 was collected as Value Added Tax (VAT) during the period of February to December, 1999 while only ₦3,037,308.39 was remitted to the Federal Inland Revenue Service leaving a balance of ₦27,700.90 which apparently was a loss of revenue to the government. Similarly, a total sum of ₦1,793,393.66 was collected as withholding tax (WHT) for the same period, but only the sum of ₦1,379,841.94 was remitted to the Federal Inland Revenue Service, resulting in a difference of ₦413,551.72 which also represented another loss of revenue to the Government. The Permanent Secretary had been requested to recover the total sum of ₦441,252.62 to be paid over to the Federal Inland Revenue Service, while the recovery particulars should be forwarded for audit verification.

(t) Audit examination of the monthly transcripts through which the Ministry submits its records of revenue and expenditure (Recurrent and Capital) to the Office of the Accountant-General of the Federation, to enable the latter publish the Government Financial Statements promptly, revealed that the preparation of the transcripts was faulty. For example, entries of financial transactions were recorded with pencil in the Analysis Register, instead of indelible ink contrary to the provisions of the existing Financial Regulations. The Permanent Secretary had been requested to rectify the irregular procedures and his reactions are being awaited.

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

MINISTRY OF POWER AND STEEL

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

(i) An amount of ₦450,000.00 was paid to the owner of a property on 14th October, 1999 as penalty for the delay in handing over the property which the Ministry leased between December 1996 and December 1998. Further audit scrutiny revealed that the Ministry on 6th December, 1996 took a 2 years lease of a property which expired on 5th December, 1998. However, the property was not handed over to the owner until 11th June, 1999, and without the joint inspection of the property as contained in the terms of lease agreement. Hence, the resultant effect of retaining the property up to 11th June, 1999 culminated in the owner suing the Ministry to court claiming the payment of "Mesne" profit of ₦450,000.00. The court upheld the claim of the owner of the property and the Ministry had to pay ₦450,000.00 on 14th October, 1999. The dereliction of duty on the part of the Ministry's officials was responsible for the unnecessary and avoidable expenditure of ₦450,000.00 charged to public funds. The Permanent Secretary has been requested to investigate the matter with a view to taking appropriate disciplinary action against the officers involved, and inform me.

(ii) Consultancy fee totalling ₦675,000.00 was paid to a consultancy firm in 1999, representing consultancy services rendered to the Ministry on Review of manpower utilisation and Appointment and Promotion Procedures of Chief Executives of Parastatals, without the award of contract to the consultant following the tender procedures as required by the provisions of the Financial Regulations, and without deducting the 10 per cent mandatory withholding tax of ₦67,500.00. Further audit scrutiny revealed that the Ministry made the request to the Chairman, National Salaries, Incomes and Wages Commission to avail it with the yardstick for the engagement of and payment for consultancy services and the applicable government approved rates. However, there was no response from the National Income and Wages Commission. The Ministry went ahead and engaged a consultant at the rate of ₦15,000.00 per day for 25 days totalling ₦375,000.00. In addition, the Ministry paid the consultant a fixed fee of ₦300,000.00 thus resulting in a total payment of ₦675,000.00. The amount of ₦67,500.00 being the mandatory withholding tax should be recovered from the consultancy firm involved furnishing me with recovery particulars for audit inspection.

(iii) A sum of ₦292,000.00 was paid to NITEL Plc, in October 1999 for the provision of 2 telephone lines and an international direct dialing (IDD) facility at the residence of the Honourable Minister of State without receipt being issued by NITEL Plc. Furthermore, the payment was made in cash, whereas, the provisions of the Financial Regulations stipulate that all payments to the public of ₦10,000.00 or more must be made by cheque crossed "Account Payee only." I therefore, find it difficult to accept such payment as a proper charge against public funds.

(iv) Cash advance totalling ₦100,000.00 was granted to an officer of the Federal Ministry of Power and Steel in April 1999, to enable him settle his medical expenses. In his explanation for the money, he claimed that he was attacked by armed bandits on his way to Abuja and consequently, he was hospitalised in Ondo State, and later at 1st Consultants Medical Centre, Obalende, Lagos for further treatment. However, further audit scrutiny revealed that the receipts for all the expenses in the 2 hospitals which treated him were not attached to the voucher as required by the provisions of the Financial Regulations. Moreover, no medical reports from the 2 hospitals which would have indicated the nature of his medical diagnosis and treatment and the amount charged were produced for audit inspection. Also, the Federal Ministry of Health was not involved or consulted to convey the necessary approval before the settlement of the medical claims which were unilaterally effected by the Ministry. The Permanent Secretary has been requested to furnish me with the necessary approval for the payment of ₦100,000.00 from the Federal Ministry of Health or alternatively, recover ₦100,000.00 from the officer involved furnishing me with recovery particulars for audit inspection.

(v) The Bank Statements of the accounts of the Federal Ministry of Power and Steel in respect of 5 deposit accounts maintained by the Ministry in 1999 were not produced for audit inspection in spite of repeated demands for them. Furthermore, as the Ministry failed to prepare Bank Reconciliation Statements relating to the 5 deposit accounts since the opening of these accounts, it is therefore, difficult to ascertain the operation of these accounts, as well as their actual periodic balances which could lead to detection of financial malpractices or other fraudulent activities that may have negative impact on the accounts and their balances. The Permanent Secretary has been requested to furnish the authority for maintaining deposit accounts.

(vi) Amounts totalling ₦263,000,000.00 and ₦3,578,724,713.33 were transferred from the Ministry's Current Account on 23rd April, 1999 and 2nd December, 1999 respectively and were placed on Call Deposit Accounts, without the approval of the Accountant-General of the Federation in consultation with the Auditor-General for the Federation as required by the Financial Regulations. The document produced for audit did not state the terms and conditions of placement of the apparently idle funds on call deposit accounts. The Permanent Secretary has been requested to account for the interest accrued on these accounts by paying them to the Treasury, furnishing me with the receipt particulars for audit inspection.

(vii) A sum of ₦500,000,000.00 was also transferred from the Ministry's Current Account in one bank to a second bank on 1st December, 1999. However, details of the type of account operated with the second bank, and the account number were not produced for audit inspection in spite of repeated demands for them. It was surprising that such records and documents required for the audit were not made available, more especially documents pertaining to the huge sum of ₦500,000,000.00. The Permanent Secretary has been requested to produce the relevant documents for audit inspection.

(viii) One hundred and three (103) cheques for various amounts totalling ₦542,520.93 issued between May 1997 and June 1999 under the Recurrent Expenditure Vote had become stale and should have been written back to chest, but were still reflected as unrepresented cheques.

(ix) Two (2) cheques totalling ₦224,000.00 were duly paid in February 1999 and March, 1999 and properly entered both in the Cash Book and Cheque Summary Register. These cheques were subsequently cancelled and the cheque leaflets were attached to their stubs. However, the entry in the Cash Book was not reversed, while that made in the Cheques Summary Register was not cancelled. The cheques were rather being continually treated as unrepresented in the Bank

Reconciliation Statements. Further audit checks revealed that the two payees were later paid cash without making further appropriate entries in the Cash Book. The Permanent Secretary has been requested to rectify the entries with a view to clearing these cancelled cheques being reflected in the Bank Reconciliation Statements of the account of the Ministry as unrepresented cheques.

(x) Eight (8) cheques totalling ₦7,523,983.50 issued between April 1999, and May 1999 under the Capital Account had become stale and should have been written back to chest, but were still reflected as unrepresented cheques.

(xi) Out of the total amount of ₦24,778,206.43 earned as interest between January 1999 and December 1999 from the Deposit and Call Accounts with a bank, only the sum of ₦7,113,365.47 was paid to the Sub-Treasurer of the Federation leaving a balance of ₦17,664,841.96 to be accounted for as at the time of the audit inspection in December 1999.

(xii) Amounts totalling ₦8,473,026.63 described as "Debits in Bank not in Cash Book" featured in the Bank Reconciliation Statement since 9th December, 1999. These apparently represented illegal debits into the Ministry's account. They should have been investigated and cleared.

(xiii) A scrutiny of the bank statement from one of the commercial banks for the month of December 1999 revealed that the C.O.T. charges were unnecessarily high having come to an amount of ₦3,554,197.91 whereas the C.O.T. charges for the other months of the year were relatively less. This excessive charge for December 1999 should therefore be investigated.

(xiv) Amounts totalling ₦160,660,075.28 described as "Debits in the bank not in Cash Book" had accumulated between April and December 1999 possibly representing wrong debits into the Ministry's bank accounts. These should have been investigated and cleared.

(xv) Amounts totalling ₦415,695,107.75 described as "Receipts in Bank not in Cash Book" had been reflected in the bank statements as at 31st December, 1999. These amounts possibly represented payments made into the Ministry's accounts but which did not pass through the Cash Book. These should have been investigated and cleared.

(xvi) At the close of business on 31st December, 1999, there was a deficit of ₦5,097,072.60 in the Recurrent Expenditure Cash Book. However, the Ministry had applied to the Accountant-General of the Federation, requesting for additional funds to clear the accumulated deficit. In response to the request, the Accountant-General released a sum of ₦5,949,892.80 to clear the deficit. This finally resulted in a surplus balance of ₦852,819.80 in the Cash Book which should have been paid back to the Sub-Treasurer of the Federation in accordance with the extant regulations. This has, however, not been done as at the time of the audit inspection in September 2000.

(xvii) The Cashier who kept physical cash and maintained the Ministry's Cash Books was noted to be a signatory to the accounts too. He also liaised with the banks as well as obtain Bank Statements from banks instead of the Officer-in-Charge of Bank Reconciliation. There was no internal check as well as internal control.

(xviii) Cash advance of ₦300,000.00 granted to the Lagos Liaison Officer on 31st August, 1999, representing running expenses for the Liaison Office in Lagos was not retired even as at the time of audit inspection in September 2000.

(xix) A sum of ₦35,000.00 was paid to a grade level 10 officer as duty tour allowance for attending a course at Ibadan, Oyo State in October 1999 whereas, she was paid course allowance, transport fare to and from Ibadan. As the officer was paid the course allowance for her course duration in Ibadan, it was wrong for her to claim duty tour allowance too. The

Permanent Secretary has been requested to recover the sum of ₦35,000.00 from the officer involved furnishing recovery particulars for audit inspection.

(xx) Personal and cash advances totalling ₦4,112,090.00 granted to 45 members of staff of the Ministry between August 1999 and December 1999 to enable them render some services or execute some projects were not retired even at the time of audit inspection. Furthermore, these services might have been better rendered or projects executed after competitive tender procedures or through the issuance of Local Purchase Orders.

(xxi) Two different Revenue Heads 13/102 (Motor Vehicle Loans Recovery) and 20/2016 (Other Loans) all from the receipt column of the Analysis Book were combined to arrive at a figure entered into the Transcript under Head and Subheads 13/102. The combination of the two different Heads into one made it difficult to analyse and differentiate the amounts recovered under the two Heads and Subheads.

(xxii) The figures under ten expenditure Heads and Subheads in the Transcripts prepared between February and June 1999 were at variance with the Analysis Book figures. While the amount in the Transcript was ₦744,738,733.51, the Analysis Book had a lower figure of ₦41,625,766.20 resulting in a difference of ₦703,112,967.31. The cause of the difference should be investigated and reconciled.

(xxiii) Under the rural electrification scheme, an approval was made for the release of 2.5 MVA.33/11 transformer with accessories to Agenebode in Edo State. Further audit verification revealed that no Rural Electrification project had commenced or was existing in Agenebode as at the time of audit in September 1999. This invariably meant that the said transformer issued with stores requisition consignment Note No. 0282198 of 22nd October, 1998 was sent to a non-existing rural electrification project site. The Permanent Secretary has been requested to produce the transformer, or alternatively recover the appropriate value of the transformer from the officers involved, furnishing me with the recovery particulars for audit inspection.

(xxiv) The General Manager, Rural Electrification Programme wrongly approved the release of 16km (AAC) EAR-WIG (70mm) conductor to an engineer who was a staff of the Ministry of Works and Housing, Gombe State. This was effected through stores requisition and consignment note No. 171850 of 13th October, 1998. However, this off-shore material was released to an individual who was not executing any Federal Government Rural Electrification Project as at the time of the audit. The Permanent Secretary has been requested to recover the equipment from the engineer involved or alternatively, the appropriate value of the equipment furnishing me with recovery particulars for audit inspection.

(xxv) The General Manager, Rural Electrification Programme approved the release of 1 No. 2.5 MVA.33/11KV Transformer "(Main frame only)" to the Sokoto State Rural Electrification Board. On examination of the stores requisition consignment note, it was observed that the transformer was released with all "Accessories" contrary to the General Manager's instruction which stated that only the Main frame should be released. This meant that the accessories issued without authority would have been diverted for use elsewhere. The Permanent Secretary has been requested to recover the accessories from the Sokoto State Rural Electrification Board or alternatively, the appropriate value of the accessories from the Board and furnish me with recovery particulars for audit inspection.

(xxvi) On 31st March, 1998, the General Manager (Distribution and Marketing) NEPA, Lagos Zone, wrote to the Executive Director (D & M) Headquarters, Abuja, requesting for a 2.5 MVA.33/11KV replacement transformer for the Badagry Area of Lagos State. According to the General Manager of NEPA, Lagos Zone, the Central Stores of NEPA at Oshodi had No.

2.5MVA type of transformer in stock, then. The Executive Director then minuted to the Managing Director/Chief Executive on 2nd April, 1998 suggesting either a local procurement or a release from the Rural Electrification Stores. A release was then approved on Stores Requisition Note No. 6520 of 16th April, 1999. However, it was obvious that NEPA deliberately made use of off-shore materials meant for rural electrification to service its routine operations without any physical or monetary replacement. The matter should be investigated.

(xxvii) On 3rd February, 1997 the General Manager (Rural Electrification) NEPA, approved the issuance of one 7.5 MVA.33/11KV transformer for the up-grading of Ikeja Air Force Base from 2.5MVA to 7.5 MVA with an instruction to recover the existing 2.5MVA type of transformer back to Egbin Store. This instruction was not carried out and the whereabouts of the said transformer was unknown as at the time of audit in September 1999. The Permanent Secretary has been requested to investigate the matter with a view to recovering the 2.5MVA transformer furnishing me with recovery particulars for audit inspection.

(xxviii) At the Egbin Power Station, Lagos, at A and B Stores, Ledgers were not maintained for recording the receipts and issuance of stores. This lapse, which was an indication of weak and inadequate internal control system would allow pilferages and other malpractices. Moreover, various items for the two stores were littered everywhere without being properly protected against unauthorised access. Furthermore, the warehouses and their premises were overgrown with weeds. These deplorable conditions remain unacceptable and necessary steps should be taken to rectify the situation. A lot of damaged and broken items also littered every part of the store and even the entire premises of these warehouses. The unservicable items should be boarded without further delay and the debris cleared from the premises.

(xxix) Two (2) contracts for amounts totalling ₦22,788,200.00 were awarded to 2 contractors on 23rd April, 1999, and 27th May, 1999 respectively for the furnishing and decoration of two Honourable Ministers residences at Maitama, Abuja. Though the contracts were subjected to selective tendering procedures, only 3 contractors were invited to tender for the contracts contrary to the provisions of the Financial Regulations for the use of selective tendering procedures which stipulate that a minimum of five competent contractors/supplies should be shortlisted and invited to tender for a contract. Audit scrutiny of the quotations supplied by one of the contractors which entailed addition of component figures revealed that the addition of sub-total figures transferred to the Summary Sheet had a grand-total of ₦11,008,250.00, whereas, the correct figure should have been ₦10,972,500.00 (as per audit cast including the 5 per cent VAT resulting in overpayment of ₦35,750.00 to be recovered from the contractor involved. However, a physical audit survey of the items of furniture supplied by the contractors to the Honourable Minister's residences revealed that poor quality furniture were supplied to the residence of the Honourable Minister of State. These findings necessitated the need to carry out a market survey on 11th August, 1999 and 28th August, 1999 to really determine decisively whether the government had received full value for money spent. From the market price survey reports it was observed with keen interest, that various unit prices quoted for the items appeared to be unduly inflated though the market survey was done several months after the contract had been executed. A comparison of the market survey prices with that of the contract unit prices showed that the two contracts were over-priced to the tune of ₦4,103,540.00 for the Honourable Minister's residence, and ₦5,159,290.00 for that of the Honourable Minister of State's residence. The practice of overpricing of purchases was at variance with the intent underlying the extant Financial Regulations. However, the audit examination of the invoice issued by one of the contractors that supplied the furniture items to the residence of the Honourable Minister of State showed that 5 Nos 2 H.P. National Wall unit

airconditioners were supplied. But on physical audit verification only 3 Nos of 1H.P. National Wall unit air-conditioners and 2 Nos of 2H.P. National Wall unit air-conditioners were found. The difference in monetary value of the 3 Nos of 1H.P. air-conditioners supplied as against the 3 Nos 2 H.P. air-conditioners paid for but not supplied was ₦201,000.00. This amount of ₦201,000.00 should be recovered from the contractor and the recovery particulars, furnished for audit verification.

The Permanent Secretary has been requested to recover the total amount ₦9,298,580.00 for which no value was received from the two contractors involved furnishing the recovery particulars for audit verification. All the issues have been brought to the attention of the Permanent Secretary and his reaction is being awaited.

226. During the audit examination of the accounts and other records maintained by the Ministry of Power and Steel for the year under review, the following observations were made :

(a) Between March and December 1999, cash advances totalling ₦480,000.00 were granted to an officer for the up-keep of the Honourable Minister's Guest House. However, these advances were not recorded in the advances ledger and they were not retired as at the time of the audit inspection in March, 2001. The Permanent Secretary has been requested to get the officer to retire the advances and forward the retirement particulars for audit verification.

(b) Between 1997 and 1999, a total sum of ₦44,306,667.00 was released to the Ministry for the construction of a new Rural Electrification Warehouse at Kuje in the Federal Capital Territory, Abuja. Surprisingly, when an audit investigation was conducted on the progress made on the project, it was revealed that the Ministry had only spent the sum of ₦2,040,270.00 for land acquisition, surveys and drawings while the remaining balance of ₦42,264,387.00 was diverted to other unspecified purposes. The project had thus not taken off as planned. The Permanent Secretary had been requested to comment on the matter and his reaction is being awaited.

(c) A sum of ₦13,627,222.00 was spent out of the ₦1,903,127,666.15 voted for the Rural Electrification scheme during the year under review. The expenditure covered various items which would not appear to be related to the scheme :

(i) Duty Tour Allowances paid to staff	₦112,000.00
(ii) Purchase and Repairs of vehicles	₦2,850,000.00
(iii) Purchase of Personal Computers with Printers	₦1,764,000.00
(iv) Cost of accommodation	₦5,301,357.00
(v) Stationery items supplied	₦69,150.00
(vi) Transportation	₦65,000.00
(vii) Medical Treatment abroad by Wife of Honourable Minister (including estacode)	₦2,852,700.00
(viii) Security Materials	₦55,000.00
(ix) Subscriptions	₦20,000.00
(x) Miscellaneous items supplied (details not given)	₦780,075.00
	<u>₦13,627,222.00</u>

Despite the huge expenditure so far incurred, the Rural Electrification Scheme had not yet taken off. The Permanent Secretary had been requested to explain why funds voted for rural electrification scheme were diverted to other purposes in contravention of the provisions of extant regulations. His comments are being awaited.

All the issues raised herein have been taken up with the Permanent Secretary and his reactions are still being awaited.

PRESIDENCY

CODE OF CONDUCT BUREAU

227. The audit examination of the accounts and other records maintained at the Code of Conduct Bureau Headquarters, Abuja, revealed that :

(a) Refund of out-of-pocket expenses for amounts totalling ₦19,200.00 were paid through a payment voucher of June 1999 to a driver attached to the Office of the Secretary to the Bureau for the purchase of petrol for use in the official vehicle. Similarly, refund of out-of-pocket expenses for amounts totalling ₦18,150.00 were paid to the Transport Officer for the purchase of petrol and engine oil used during a conference held in Kaduna. In both cases, vital documents, such as, invoices, cash receipts, etc. were not attached to the payment vouchers in support of the payments. As I cannot therefore satisfy myself that the payments involved were proper charges against public funds, the Chairman has been requested to produce the documents for audit examination.

(b) As part of the Bureau's efforts to enhance the efficiency of its drivers on modern driving regulations and traffic rules, the Bureau employed the services of the Federal Road Safety Commission Headquarters, Abuja to conduct an in-house training workshop for 25 drivers at a total cost of ₦50,000.00. The workshop fee was paid to Federal Road Safety Commission, Abuja on 14th July, 1999. However, as at the time of audit inspection in October 2000 the mandatory receipt to be issued by the beneficiary for the payment received had not been produced to authenticate that the sum has actually been received by the beneficiary. The Chairman has been requested to produce the official receipts issued by the Federal Road Safety Commission for audit verification.

(c) Personal advance of ₦12,000.00 paid to the Transport Officer of the Bureau on 9th June, 1999 to enable him engage the Federal Road Safety Commission to conduct a driving test for 6 prospective drivers seeking employment with the Bureau was not yet retired even at the time of the audit inspection. Efforts should be made to get the advance retired, while the particulars of retirement should be furnished for verification.

(d) In order to ensure regular supply of petrol for its fleet of vehicles, the Code of Conduct Bureau Headquarters, Abuja in 1999 made deposit payments of various amounts totalling ₦2,269,840.00 to some petrol stations in Abuja. But the audit scrutiny of various records maintained for the consumption of the quantity of fuel for which deposits were made revealed that adequate control mechanisms were not exercised by the Bureau. For example, the present method whereby drivers are given fuel coupons for collection of petrol without a member of staff from either the stores section or the Internal Audit Unit attesting to the quantity taken and recording such issues in a Register on daily basis made the fuel collections vulnerable to abuse. Also, it was noted that the logbooks for recording the movement of vehicles were not being maintained as required by the Financial Regulations which was intended to enhance efficient use and management of the vehicles.

(e) Personal advance totalling ₦133,000.00 granted to a member of staff was retired in July 1999 and on the same payment voucher he was paid a refund of out-of-pocket expenses amounting to ₦17,000.00. Further audit scrutiny revealed that the receipt for ₦70,000.00 claimed to be issued by the Niger State House of Assembly (Conference Unit) for the payment of rent of Conference Hall for two days by the Code of Conduct Bureau was not the type of receipt being issued at government establishment by a Revenue Collector which should be a Treasury Book 6A receipt. The receipt submitted for retirement of ₦70,000.00 was an improvised one produced with the aid of the computer. Urgent measures should be taken to produce the genuine Treasury Receipt or alternatively recover the sum of ₦70,000.00 from the staff involved furnishing me with recovery particulars for audit inspection.

(f) Amounts totalling ₦80,000.00 were expended by an officer of the Bureau for the procurement of 400 litres of petrol from a petrol station located at Uku Junction, Paiko, Niger State at the rate of ₦200.00 per litre as against the normal rate of ₦22.00 per litre. Even if there was scarcity of petrol in the country at the time of purchase, yet the rate of ₦200.00 per litre was highly inflated by the officer. The Chairman has been requested to investigate the issue with a view to surcharging the officer appropriately, for the inflated amount.

(g) (i) On payment voucher of September 1999 in respect of the retirement of an advance of ₦235,000.00 given to a Principal Executive Officer (Finance) towards the holding of the 3rd Annual Conference on 19th and 20th May, 1999, 4 part time honourable members of the Board were refunded sums totalling ₦60,000.00 for their air transport to and fro without evidence of inflight air tickets as required by the Financial Regulations. Arising from this, the amount paid should be recovered from the four beneficiaries and the recovery particulars should be forwarded for my audit verification.

(ii) Seventy-four (74) payment vouchers paid from the recurrent account for various sums totalling ₦2,866,972.10 whose individual value was more than ₦10,000.00 were approved for payment by the former Acting Director of Administration and Finance in excess of his delegated authority of expenditure. Towards this end, you are requested to furnish me with explanation why the unduly authorised expenditure should be charged against public funds.

(iii) On the Authority to Incur Expenditure (A.I.E.) of 31st December, 1998, a sum of ₦1,000,000.00 was given to the Bureau for additional allocation to the payment of relocation allowance to members of its staff. However, there was no documentary evidence produced to show that the money was judiciously used for its intended purpose in accordance with the Financial Regulations. Consequent upon this, I cannot certify that expenditure made from the sum can be considered as a legitimate charge against public funds.

(iv) Besides the above, on the Authority to Incur Expenditure (A.I.E.) a sum of ₦2,400,000.00 was transferred from the personnel cost, subhead one to the overhead costs and distributed to two subheads namely, stationery subhead five ₦1,600,000.00 and maintenance of office equipment subhead six ₦800,000.00 for augmentation purpose. However, it is important to mention that as at the time of the virement on 10th December, 1999, the overhead costs had a credit balance of ₦5,659,796.88, therefore, there was no need for it.

This arbitrary transfer is a flagrant violation of the Financial Regulation which stipulates that "money released must be applied only to the purpose for which it has been provided." This practice is not only an apparent misapplication of funds but it also prevents the government from achieving the intended purpose of the fund released.

(v) In order to enable some of its staff attend a two day seminar organised in November 1999 by the Kano State Office of the Bureau, 13 members of staff were granted duty tour allowance amounting to ₦305,000.00 in November 1999. Verification conducted to ascertain the actual attendance of the seminar could not be confirmed as the officers who received duty tour allowance could not produce documentary evidence in form of seminar papers obtained, photographs taken and audio visual cassette to evidence their attendance. Arising from the foregoing, the sum of ₦305,000.00 should be recovered from the beneficiaries and the receipt particulars of the recovery should be forwarded for necessary audit verification.

(h) Furthermore, on payment voucher of December 1999 the sum of ₦2,430,000.00 was transferred through a commercial bank in Abuja to the State offices for their December 1999 overhead cost. A recast of the breakdown of the sum revealed that it was overcast by ₦69,000.00. The correct amount should be ₦2,361,000.00 as against ₦2,430,000.00 that was

paid to the bank for transfer. The ₦69,000.00 overcast should be verified and recovered from the bank.

Also the allocations for Niger State and the Federal Capital Territory (FCT) totalling ₦131,000.00 in respect of the overhead costs were not withheld as expected since the corresponding allocations for the Personnel Cost were retained at the Headquarters. To this end, the Chairman is requested to produce documentary evidence to show that the sum of ₦131,000.00 was actually held as required.

(i) 111 payment vouchers for various sums totalling ₦7,463,321.41 for the months of July to December 1999 relating to the Recurrent Account were not presented for audit examination as required by the Financial Regulations. Consequent upon this, I cannot satisfy that the sum expended constitute a legitimate expenditure to be charged against the public funds.

228. At the Code of Conduct Bureau, Sokoto, it was discovered that an official vehicle Peugeot 504 saloon car with registration number 1 FGN 102 was stolen in December 1994 at the residence of an officer. No other information was furnished on the matter. It is not clear whether the incident was reported to the police as no police report was produced. Also the matter has not been formally reported on Treasury Form 146 as demanded by the provisions of the Financial Regulations.

Surprisingly, various out of pocket claims amounting to ₦255,320.00 were made in respect of the repairs of this vehicle between February and December 1997 by the same officer from whose residence the vehicle was stolen. It is unbelievable and difficult to understand how a vehicle reported stolen in 1994 could be undergoing repairs in 1997. The officer's later explanation that the claims were to defray expenses incurred in the use of his personal vehicle for the conduct of official duties is not tenable as he is only entitled to kilometer allowance claims at the rate of 30 kobo per kilometer, under existing regulations.

As I cannot satisfy myself that the payments constitute legitimate claims against public funds, the total amount of ₦255,320.00 should be recovered from the officer.

229. Twenty (20) payment vouchers for amounts totalling ₦14,670,000.00 paid under Capital Expenditure Account between April 1999 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 Honourable Chairman of the Code of Conduct Bureau has been requested to produce the vouchers for audit inspection.

MINISTRY OF CO-OPERATION AND INTEGRATION IN AFRICA

230. At the Ministry of Co-operation and Integration in Africa Headquarters, Abuja, it was revealed that:

(a) Sixteen (16) payment vouchers for various amounts totalling ₦9,873,812.43 paid to various contractors between November and December 1999 had no vital supporting documents such as, receipts, invoices, Stores Receipt Vouchers, (SRV) Stores Issue Vouchers, (SIV), bills, etc., attached to them to support the payments. As it is difficult to confirm that the payments involved were proper charges against public funds, the Permanent Secretary has been requested to produce the supporting documents for audit examination.

(b) Overpayments totalling ₦2,300,206.00 were made to 5 contractors between November and December 1999 and the amounts were not yet recovered from them even at the time of the audit inspection in September 2000. The Permanent Secretary has been requested to recover the amount of ₦2,300,206.00 from the contractors involved furnishing me with recovery particulars for audit verification.