OFFICE OF THE AUDITOR-GENERAL FOR THE FEDERATION

AUDITOR-GENERAL FOR THE FEDERATION'S ANNUAL REPORT

ON

NON-COMPLIANCE/INTERNAL CONTROL WEAKNESSES IN MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs) OF THE FEDERAL GOVERNMENT OF NIGERIA FOR THE YEAR ENDED 31ST DECEMBER, 2020

THE AUDITOR-GENERAL FOR THE FEDERATION

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AuGF/AR.2020/02 **20th December, 2023**

The Clerk to the National Assembly,
National Assembly Complex,
Three Arms Zone,
Abuja.

AUDITOR-GENERAL FOR THE FEDERATION'S ANNUAL REPORT ON NON-COMPLIANCE/INTERNAL CONTROL WEAKNESSES IN MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs) OF THE FEDERAL GOVERNMENT OF NIGERIA FOR THE YEAR ENDED 31ST DECEMBER, 2020

In accordance with Section 85(2) and (4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), I have the pleasure to submit to the National Assembly, four (4) hard copies and two (2) soft copies of the Auditor-General for the Federation's Annual Report on Non-compliance/Internal Control Weaknesses in Ministries, Departments and Agencies (MDAs) of the Federal Government of Nigeria (FGN) for the year ended 31st December, 2020.

2. You are kindly invited to note that the Auditor-General for the Federation's Annual Report on the Federal Government of Nigeria (FGN) Consolidated Financial Statements for the year ended 31st December, 2020 was earlier submitted separately in compliance with Section 85(5) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) to the Clerk to the National Assembly.

3. Please, accept the assurances of my highest regards, always.

Shaakaa Kanyitor Chira, *FCNA, FCCrFA, FCCFI, FCTI*
Auditor-General for the Federation
FRC/2022/PRO/ANAN/001/794576

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CROSS-CUTTING ISSUES

Cross-cutting Issues are the same non-compliance/internal control weaknesses that were identified in at least four (4) Ministries, Departments and Agencies (MDAs) covered by the audit. The attention of the Public Accounts Committees of the National Assembly have been drawn to each of these issues through recommendations, including sanctions, with a view to stemming the tide, in this report. These issues were treated in details under each MDA.

Furthermore, the essence of bringing these issues together is to further assist the Public Accounts Committees and other stakeholders to be able to see, at a glance, the amount this Report seeks to help the Federal Government of Nigeria recover from a class of issues tagged 'cross-cutting'.

The Cross-cutting Issues are:

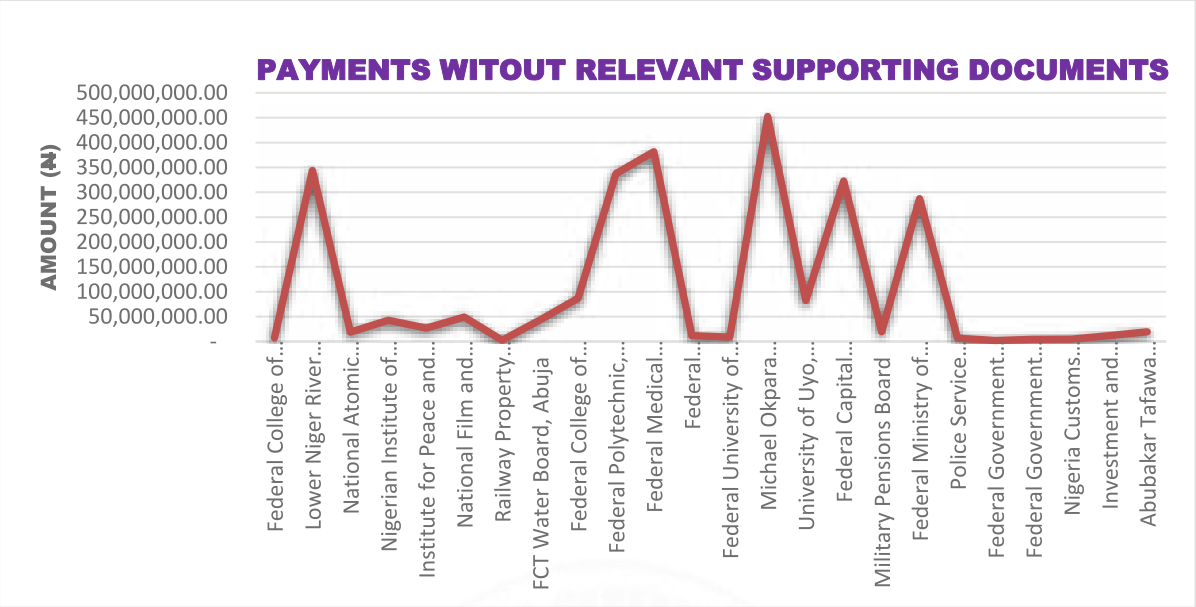
ISSUE 1: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦2,573,922,067.68)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦2,573,922,067.68 (Two billion, five hundred and seventy three million, nine hundred and twenty two thousand, sixty seven naira, sixty eight kobo) was the amount paid without relevant supporting documents by twenty four (24) Ministries, Departments and Agencies (MDAs), and

ii. Michael Okpara University of Agriculture, Umudike, Abia State has the highest amount of ₦452,453,872.90 (Four hundred and fifty two million, four hundred and fifty three thousand, eight hundred and seventy two naira, ninety kobo) while the Federal Government College, Buni Yardi, Yobe State has the least amount of ₦2,008,000.00 (Two million, eight thousand naira) as shown in the Figure below.



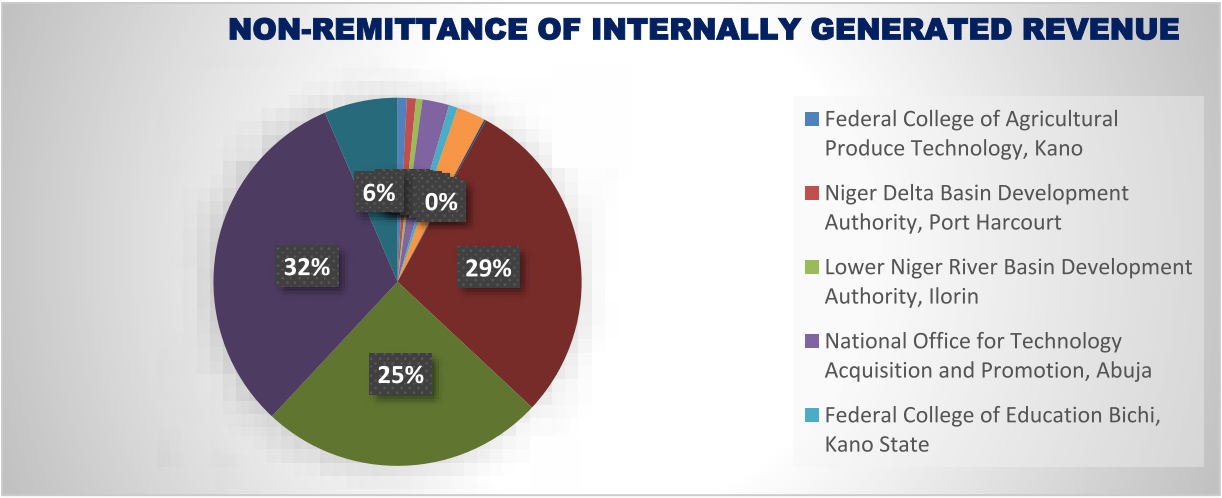
ISSUE 2: **NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦3,626,335,301.80)**

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;" Also, paragraph 213(ii) of the Financial Regulations (FR) 2009, states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦3,626,335,301.80 (Three billion, six hundred and twenty six million, three hundred and thirty five thousand, three hundred and one naira, eighty kobo) was the amount of non-remittance of internally generated revenue by eleven (11) Ministries, Departments and Agencies (MDAs), and

ii. Federal Ministry of Industry, Trade and Investment, Abuja has the highest amount of ₦1,145,678,201.20 (One billion, one hundred and forty five million, six hundred and seventy eight thousand, two hundred and one naira, twenty kobo) while the Federal Medical Centre, Bida has the least amount of ₦5,804,114.50 (Five million, eight hundred and four thousand, one hundred and fourteen naira, fifty kobo) as shown in the Figure below.



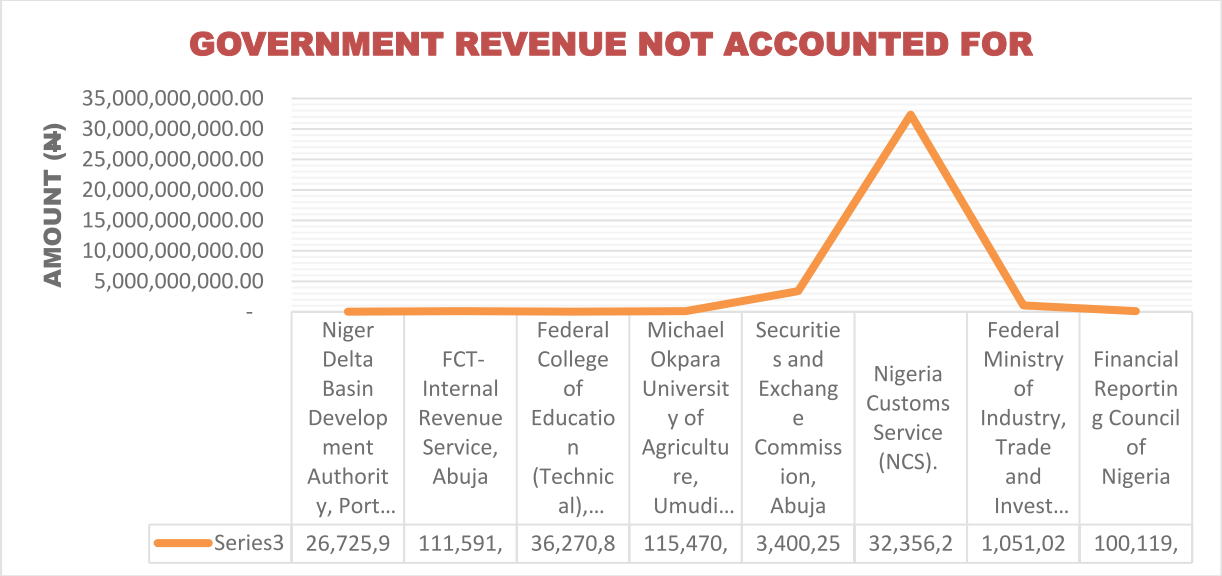
ISSUE 3: GOVERNMENT REVENUE NOT ACCOUNTED FOR (=₦37,197,666,813.77)

Paragraph 2 of the Treasury Circular Ref No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March 2015 states "With effect from 1st April 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009, states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦37,197,666,813.77 (Thirty seven billion, one hundred and ninety seven million, six hundred and sixty six thousand, eight hundred and thirteen naira, seventy seven kobo) was the amount of government revenue not accounted for by eight (8) Ministries, Departments and Agencies (MDAs), and

ii. Nigeria Customs Service, Tincan Island Command, Lagos has the highest amount of ₦32,356,205,228.00 (Thirty two billion, three hundred and fifty six million, two hundred and five thousand, two hundred and twenty eight naira) while the Niger Delta Basin Development Authority, Port Harcourt has the least amount of ₦26,725,920.00 (Twenty six million, seven hundred and twenty five thousand, nine hundred and twenty naira) as shown in the Figure below.



ISSUE 4: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦576,874,340.27)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. The sum of ₦576,874,340.27 (Five hundred and seventy six million, eight hundred and seventy four thousand, three hundred and forty naira, twenty seven kobo) was the amount of store items not taken on ledger charge by thirteen (13) Ministries, Departments and Agencies (MDAs), and

ii. Nigerian Army University, Biu, Borno State, has the highest amount of ₦234,758,546.00 (Two hundred and thirty four million, seven hundred and fifty eight thousand, five hundred and forty six naira) while the Federal College of Agricultural Produce Technology, Kano, has the least amount of ₦2,170,600.00 (Two million, one hundred and seventy thousand, six hundred naira) as shown in the Figure below.



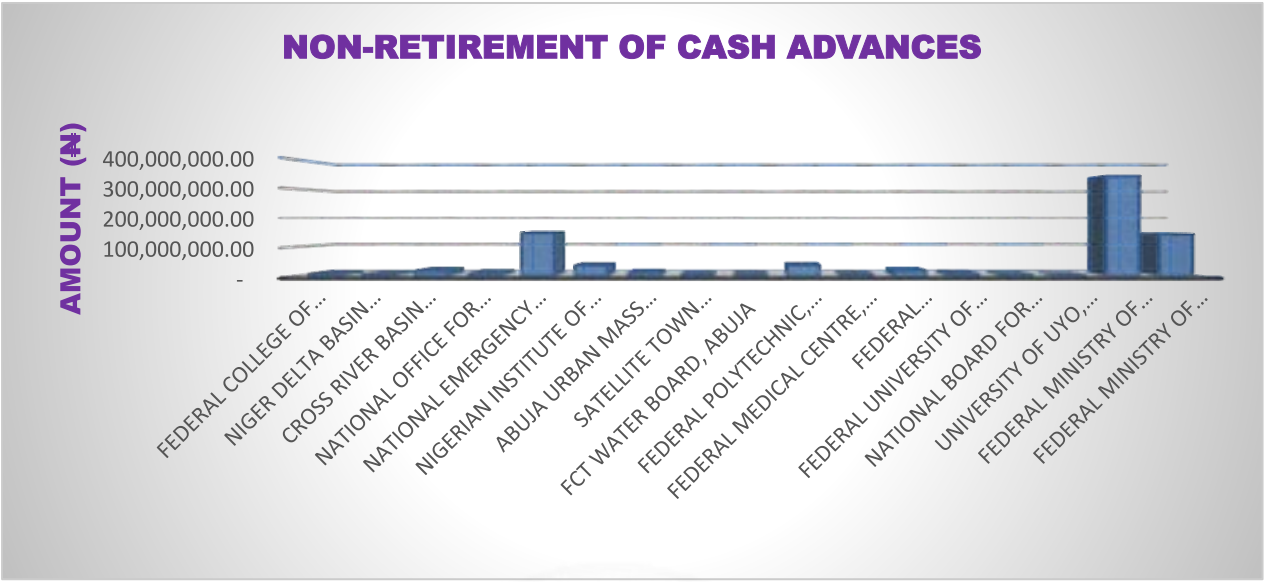
ISSUE 5: NON-RETIREMENT OF CASH ADVANCES (=₦799,143,991.29)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦799,143,991.29 (Seven hundred and ninety nine million, one hundred and forty three thousand, nine hundred and ninety one naira, twenty nine kobo) was the amount of cash advances not retired in seventeen (17) Ministries, Departments and Agencies (MDAs), and

ii. Federal Ministry of Labour and Employment has the highest amount of ₦344,027,307.00 (Three hundred and forty four million, twenty seven thousand, three hundred and seven naira) while the University of Uyo, Akwa, Ibom State has the least amount of ₦2,500,000.00 (Two million, five hundred thousand naira) as shown in the Figure below.



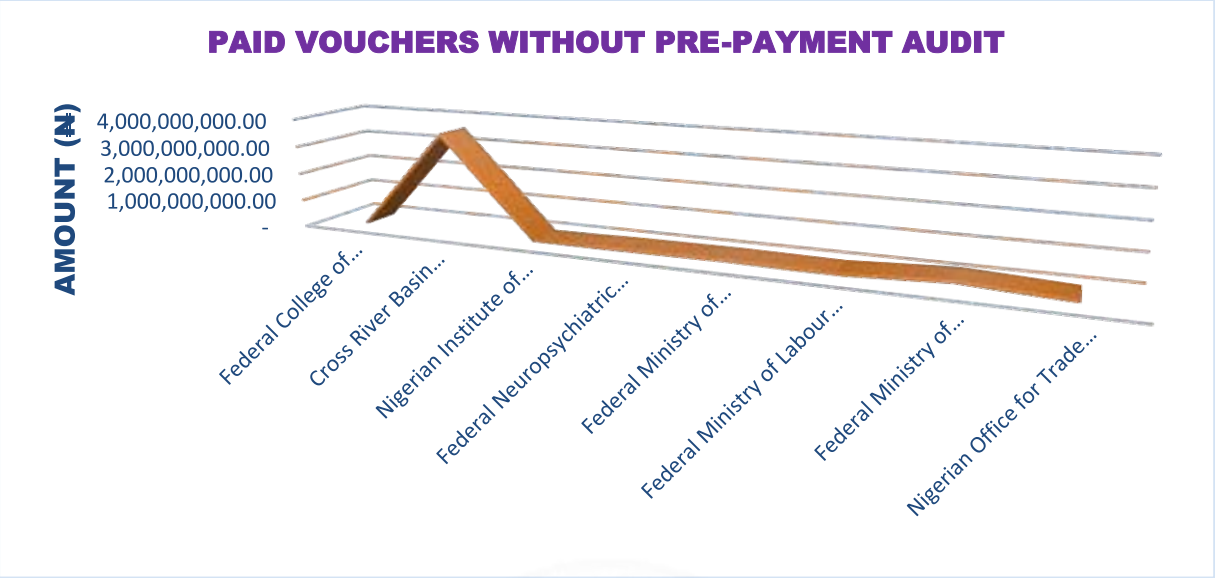
ISSUE 6: **PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦3,963,484,907.85)**

Paragraph 601 of the Financial Regulations (FR) 2009 states "All payments entries in the cashbook/account shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favor of the person(s) to whom the money is actually due. Under no circumstances shall a cheque be raised, or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR 2009 states "The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..."

Audit observed that:

i. The sum of ₦3,963,484,907.85 (Three billion, nine hundred and sixty three million, four hundred and eighty four thousand, nine hundred and seven naira, eighty five kobo) was the amount of payments without pre-payment audit by eight (8) Ministries, Departments and Agencies (MDAs), and

ii. Cross River Basin Development Authority, Calabar, Cross River State has the highest amount of ₦3,589,200,461.72 (Three billion, five hundred eighty nine million, two hundred thousand, four hundred and sixty one naira, seventy two) while the Federal College of Agricultural Produce Technology, Kano has the least amount of ₦2,374,700.00 (Two million, three hundred and seventy thousand, seven hundred naira) as shown in the Figure below.



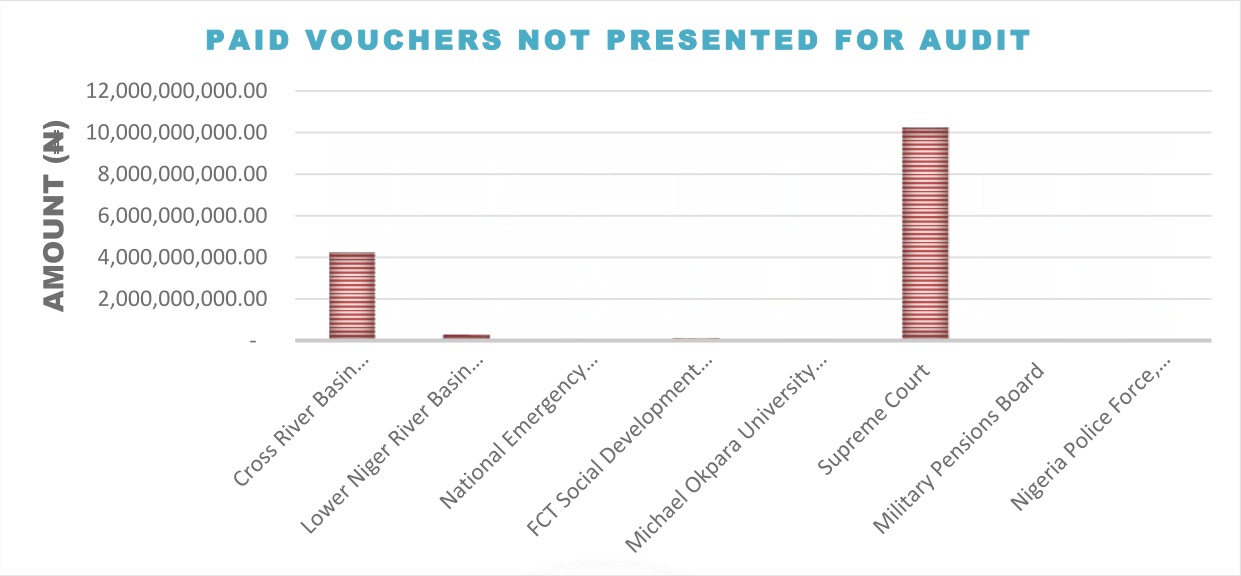
ISSUE 7: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦15,058,164,133.96)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "all payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers must be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR 2009 states "…The Head of Internal Audit Unit in all ministries/extra-ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out…"

Audit observed that:

i. The sum of ₦15,058,164,133.96 (Fifteen billion, fifty eight million, one hundred and sixty four thousand, one hundred and thirty three naira, ninety six kobo) was the amount of paid vouchers not presented for audit by eight (8) Ministries, Departments and Agencies (MDAs), and

ii. Supreme Court has the highest amount of ₦10,223,565,485.70 (Ten billion, two hundred and twenty three million, five hundred and sixty five thousand, four hundred and eighty five naira, seventy kobo) while the Military Pensions Board has the least amount of ₦2,600,000.00 (Two million, six hundred thousand, seven hundred naira) as shown in the Figure below.



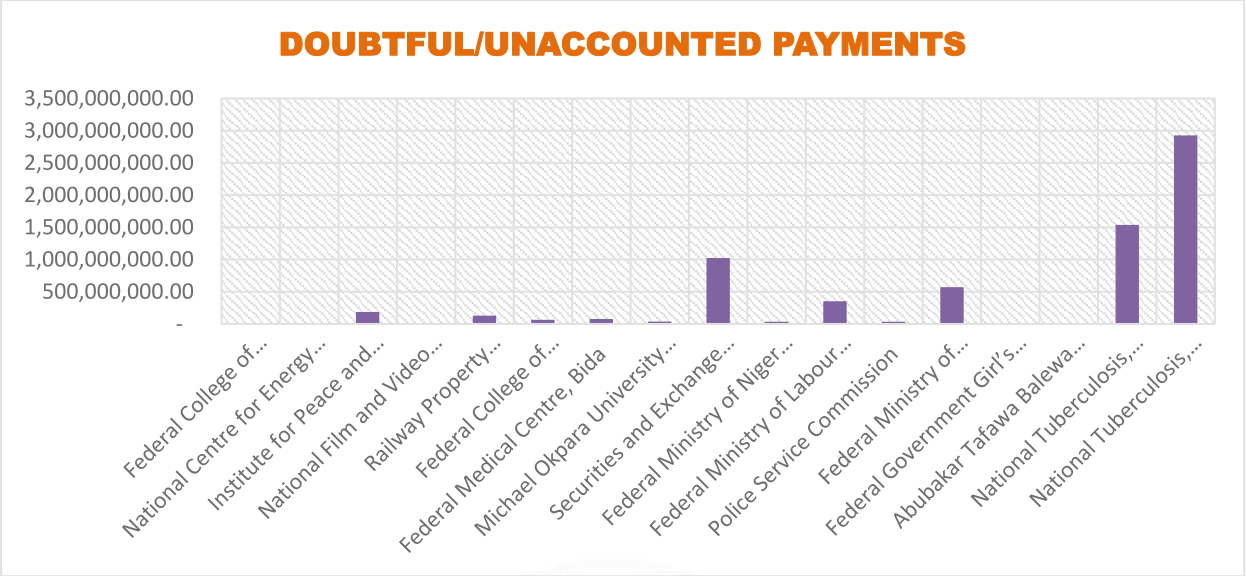
ISSUE 8: DOUBTFUL/UNACCOUNTED PAYMENTS (=₦7,010,308,489.02)

Paragraph 415 of the Financial Regulations states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦7,010,308,489.02 (Seven billion, ten million, three hundred and eight thousand, four hundred and eighty nine naira, two kobo) was the amount of doubtful/accounted payments by seventeen (17) Ministries, Departments and Agencies (MDAs), and

ii. National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP) has the highest amount of ₦2, 927,947,175.00 (Two billion, nine hundred and twenty seven million, nine hundred and forty seven thousand, one hundred and seventy five naira) while the National Film and Video Censors Board, Abuja has the least amount of ₦4,000,000.00 (Four million naira) as shown in the Figure below.



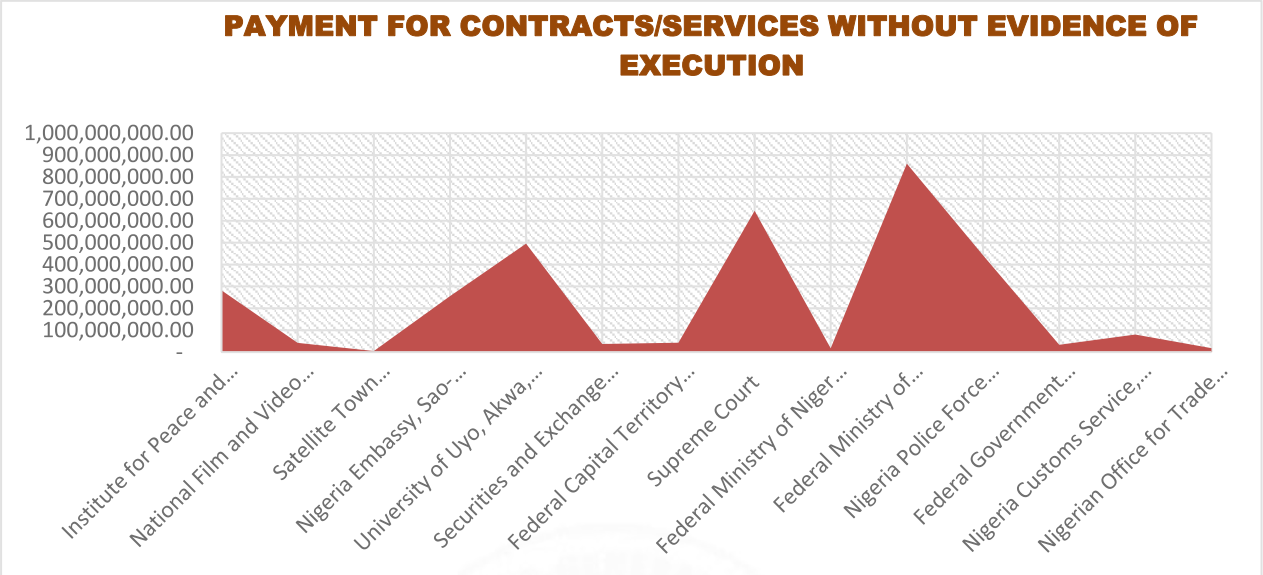
ISSUE 9: PAYMENT FOR CONTRACTS AND SERVICES WITHOUT EVIDENCE OF EXECUTION (=₦3,259,128,696.22)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Similarly, paragraph 412 of the FR 2009, states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" In addition, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Moreso, paragraph 2402 (i) of the FR, 2009, states "On all paid vouchers for the purchase of stores, except as provided in sub-section (ii) of this regulation, the storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O."

Audit observed that:

i. The sum of ₦3,259,128,696.22 (Three billion, two hundred and fifty nine million, one hundred and twenty eight thousand, six hundred and ninety six naira, twenty two kobo) was the amount of payment for contracts and services without evidence of execution by fourteen (14) Ministries, Departments and Agencies (MDAs), and

ii. Federal Ministry of Labour and Employment, Abuja has the highest amount of ₦860,762,480.90 (Eight hundred and sixty million, seven hundred and sixty two thousand, four hundred and eighty naira, ninety kobo) while the Satellite Town Development Department has the least amount of ₦5,255,000.00 (Five million, two hundred and fifty five thousand naira) as shown in the Figure below.



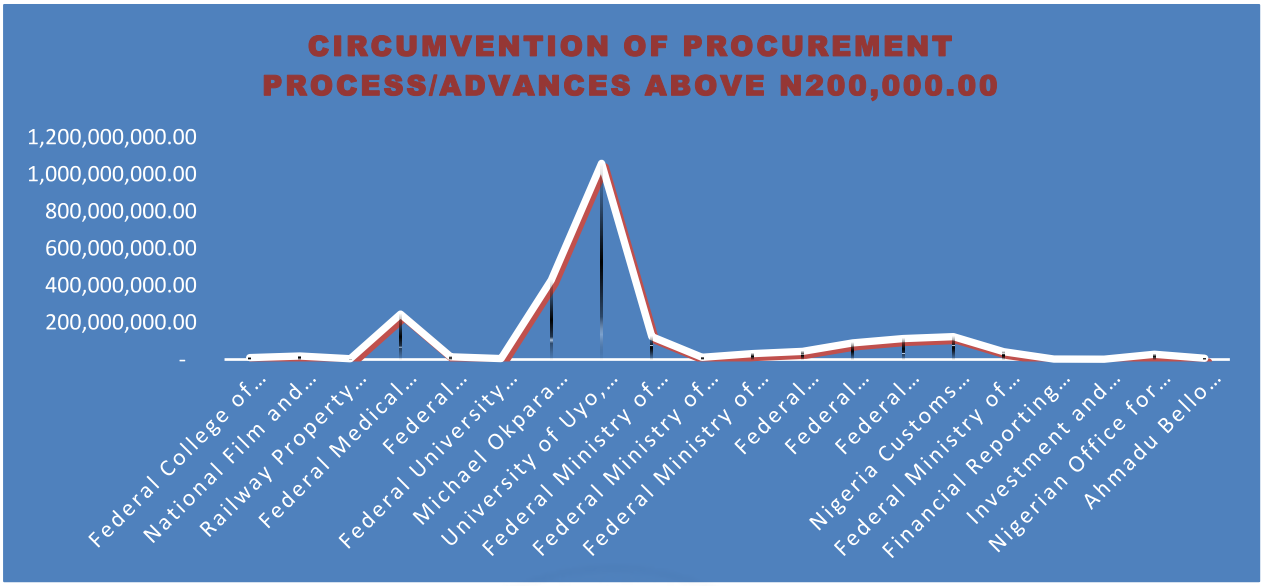
ISSUE 10: <u>CIRCUMVENTION OF PROCUREMENT PROCEDURE OR CASH ADVANCE ABOVE ₦200,000.00 (=₦2,407,471,123.94)</u>

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦2,407,471,123.94 (Two billion, four hundred and seven million, four hundred and seventy one thousand, one hundred and twenty three naira, ninety four kobo) was the amount of circumvention of procurement procedure or cash advance above ₦200,000.00 by twenty (20) Ministries, Departments and Agencies (MDAs), and

ii. University of Uyo, Akwa Ibom State has the highest amount of ₦1,059,706,541.48 (One billion, fifty nine million, seven hundred and six thousand, five hundred and forty one naira, forty eight kobo) while the Investment and Securities Tribunal, Abuja has the least amount of ₦1,760,376.00 (One million, seven hundred and sixty thousand, three hundred and seventy six naira) as shown in the Figure below.



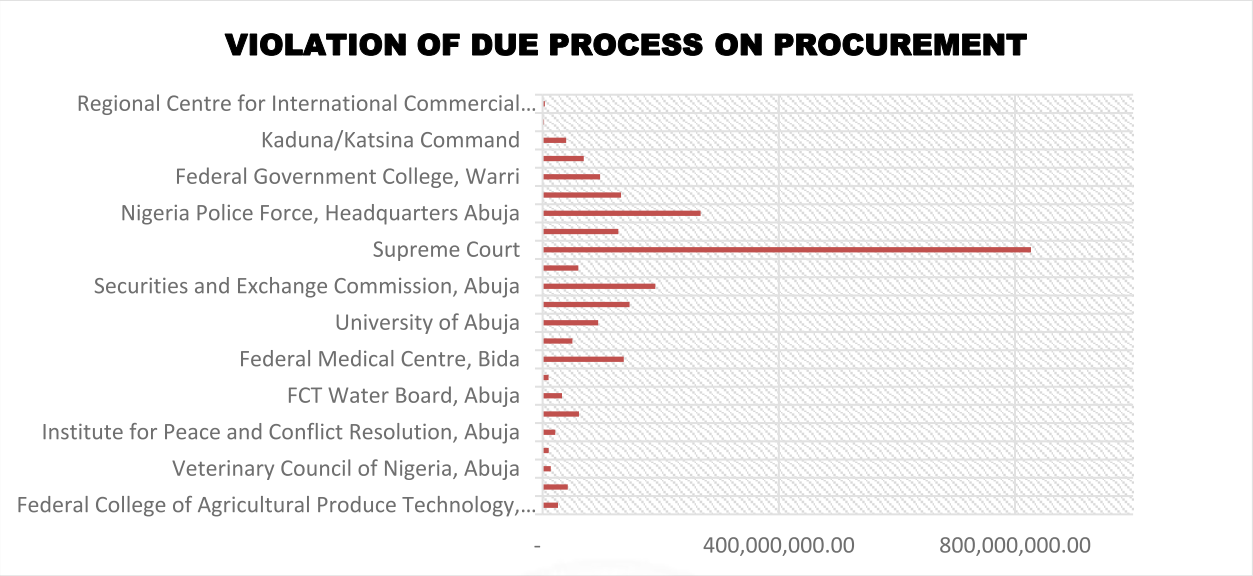
ISSUE 11: VIOLATION OF DUE PROCESS ON PROCUREMENT (=₦2,467,886,894.05)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided by this Act, all procurements of goods and works Open by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA 2007 states "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." Also, paragraph 2 of Establishment Circular Ref. No. SGF.OP/1/S.3/VIII/250 of 12th April 2011 states "Accordingly Mr. President has directed that in line with extant regulations, Ministries, Departments and Agencies are enjoined to patronise all brands of vehicles made in Nigeria by the Local Assembly Plants as appropriate. However, in the unlikely event that the vehicles required from the Local Automotive Industries are not available at the time of need, necessary clearance must be obtained from Mr. President through this Office before other alternative brands are procured."

Audit observed that:

i. The sum of ₦2,467,886,894.05 (Two billion, four hundred and sixty seven million, eight hundred and eighty six thousand, eight hundred and ninety four naira, five kobo) was the amount of violation of due process on procurement by twenty three (23) Ministries, Departments and Agencies (MDAs), and

ii. Supreme Court has the highest amount of ₦827,075,713.04 (Eight hundred and twenty seven million, seventy five thousand, seven hundred and thirteen naira, four kobo) while the Nigeria Customs Service, Headquarters, Abuja has the least amount of ₦2,415,000.00 (Two million, four hundred and fifteen thousand naira) as shown in the Figure below.



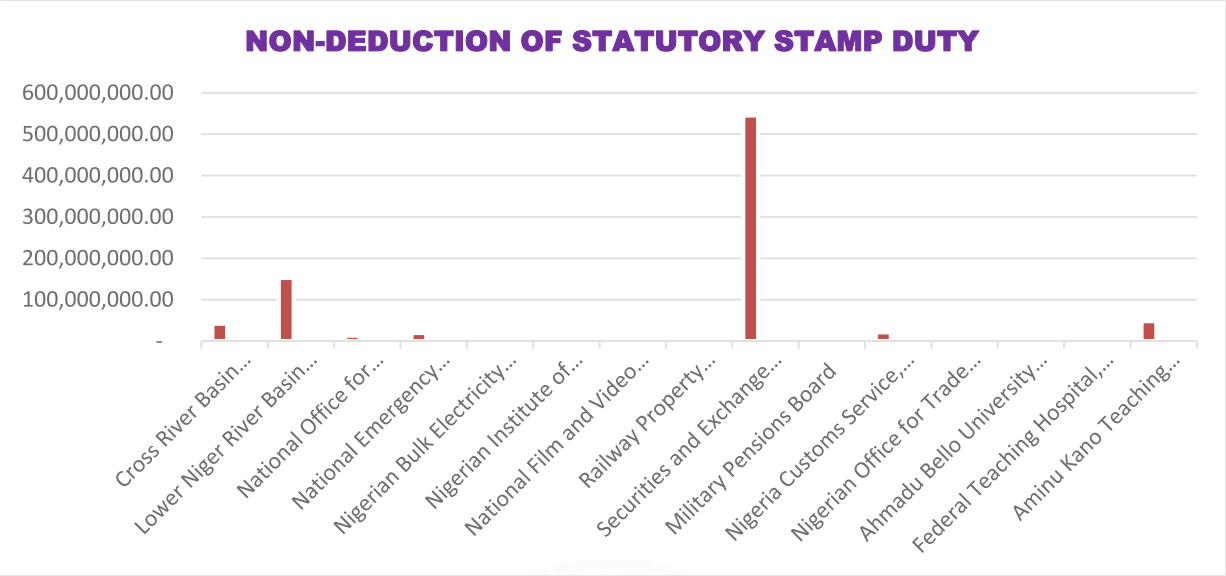
ISSUE 12: NON-DEDUCTION OF STATUTORY STAMP DUTY (=₦861,790,722.03)

Paragraph 2 of the Treasury Circular Ref: No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:

i. The sum of ₦861,790,722.03 (Eight hundred and sixty one million, seven hundred and ninety thousand, seven hundred and twenty two naira, three kobo) was the amount of non-deduction of statutory Stamp Duty by fifteen (15) Ministries, Departments and Agencies (MDAs), and

ii. Securities and Exchange Commission, Abuja has the highest amount of ₦545,027,411.21 (Five hundred and forty five million, twenty seven thousand, four hundred and eleven naira, twenty one kobo) while the Military Pensions Board, Abuja has the least amount of ₦419,238.42 (Four hundred and nineteen thousand, two hundred and thirty eight naira, forty two kobo) as shown in the Figure below.



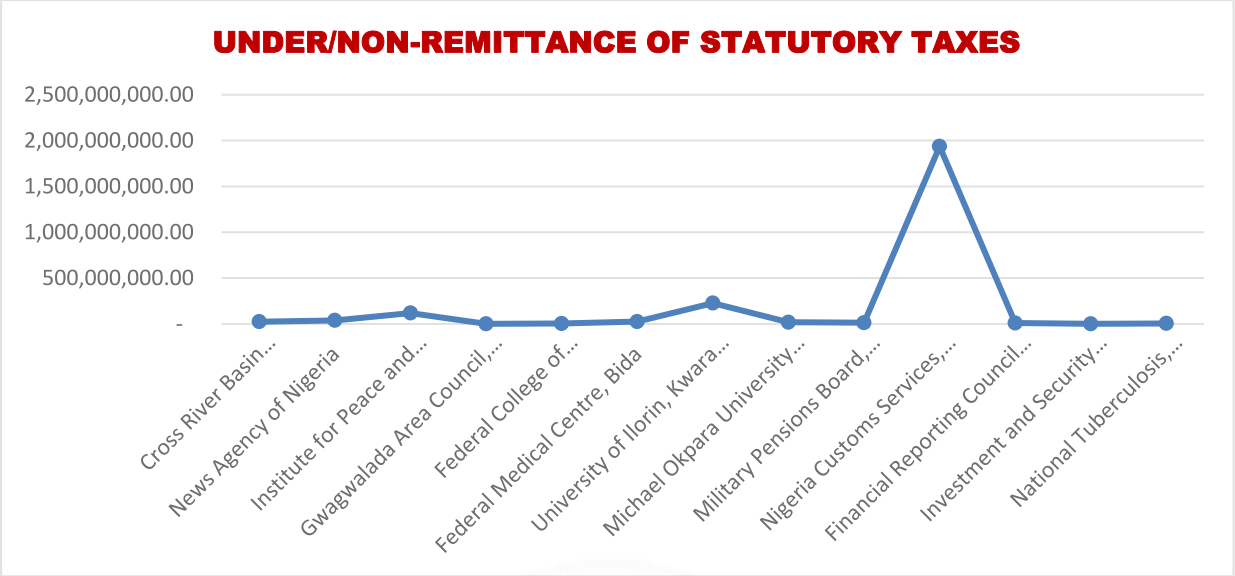
ISSUE 13: NON-REMITTANCE OF STATUTORY TAXES (=₦2,424,737,678.43)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." Furthermore, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the same time the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦ 2,424,737,678.43 (Two billion, four hundred and twenty four million, seven hundred and thirty seven thousand, six hundred and seventy eight naira, forty three kobo) was the amount of statutory taxes not remitted by thirteen (13) Ministries, Departments and Agencies (MDAs), and

ii. Nigeria Customs Services, Headquarters, Abuja has the highest amount of ₦1,935,981,031.99 (Two billion, nine hundred and twenty seven million, nine hundred and forty seven thousand, one hundred and seventy five naira) while the Gwagwalada Area Council, FCT, Abuja has the least amount of ₦1,219,138.00 (One million, two hundred and nineteen thousand, one hundred and thirty eight naira) as shown in the Figure below.



ISSUE 14: **ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦492,525,567.72)**

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. The sum of ₦492,525,567.72 (Four hundred and ninety two million, five hundred and twenty five thousand, five hundred and sixty seven naira, seventy two kobo) was the amount of paid for the engagement of External Solicitors without the approval of the Attorney-General of the Federation by eight (8) Ministries, Departments and Agencies (MDAs), and

ii. Securities and Exchange Commission, Abuja has the highest amount of ₦329,745,402.82 (Three hundred and twenty nine million, seven hundred and forty five thousand, four hundred and two naira, eighty two) while the Veterinary Council of Nigeria, Abuja has the least amount of ₦1,465,300.00 (One million, four hundred and sixty five thousand, three hundred naira) as shown in the Figure below.



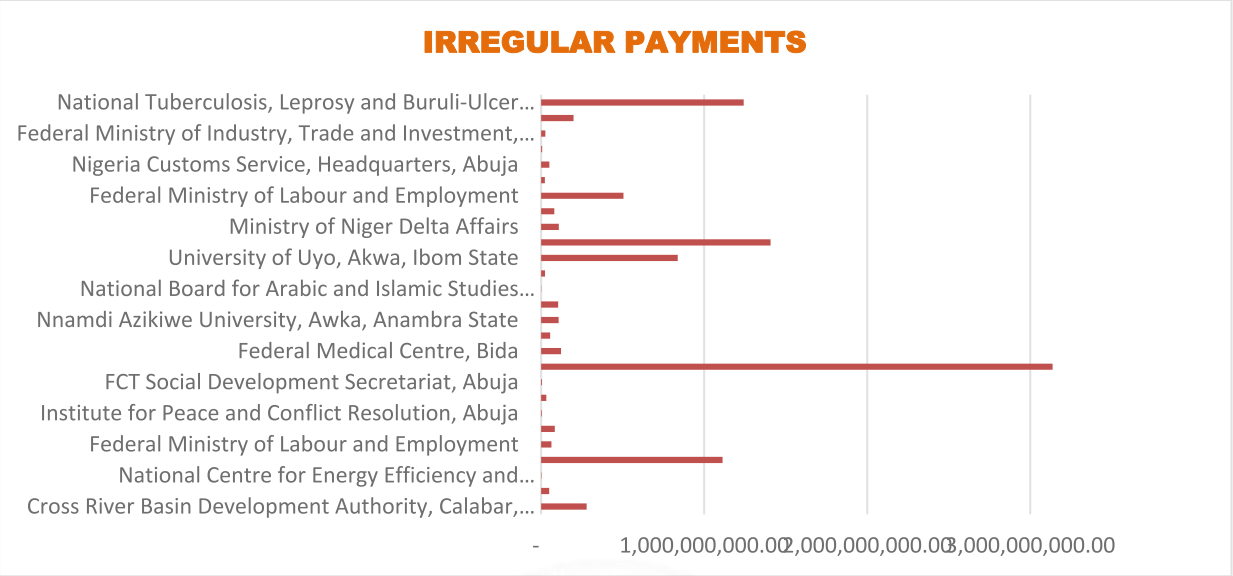
ISSUE 15: **IRREGULAR PAYMENTS (=₦9,664,768,283.50)**

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 708 of the FR 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." In addition, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The sum of ₦9,664,768,283.50 (Nine billion, six hundred and sixty four million, seven hundred and sixty eight thousand, two hundred and eighty three naira, fifty kobo) was the amount of irregular payments by twenty seven (27) Ministries, Departments and Agencies (MDAs), and

ii. FCT-Internal Revenue Service has the highest amount of ₦3,137,267,915.42 (Three billion, one hundred and thirty seven million, two hundred and sixty seven thousand, nine hundred and fifteen naira, forty two kobo) while the National Board for Arabic and Islamic Studies (NBAIS), Kaduna has the least amount of ₦1,166,933.33 (One million, one hundred and sixty six thousand, nine hundred and ninety three naira, thirty three kobo) as shown in the Figure below.



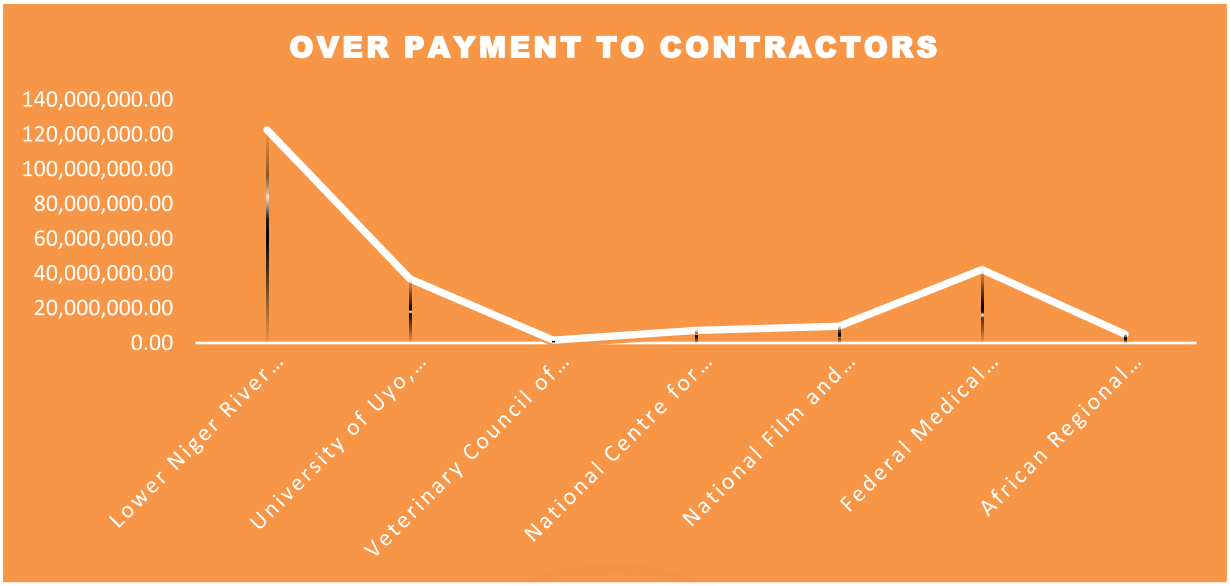
ISSUE 16: **OVER PAYMENT TO CONTRACTORS (=₦225,280,701.05)**

Paragraph 2.2 of the Federal Circular Ref. TRY/A2 & B2/2019 OAGF/CAD/026/V.III/358 dated 8th July, 2019 provides that to facilitate interim and final payments of Government contracts for works, Valuation Certificate is required. Also, paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦225,280,701.05 (Two hundred and twenty five million, two hundred and eighty thousand, seven hundred and one naira, five kobo) was the amount of over payment to contractors payments by seven (7) Ministries, Departments and Agencies (MDAs), and

ii. Lower Niger River Basin Development Authority, Ilorin, has the highest amount of ₦122,668,795.62 (One hundred and twenty two million, six hundred and sixty eight thousand, seven hundred and ninety five naira, sixty two kobo) while the Veterinary Council of Nigeria, Abuja has the least amount of ₦1,638,003.00 (One million, six hundred and thirty eight thousand, three naira) as shown in the Figure below.



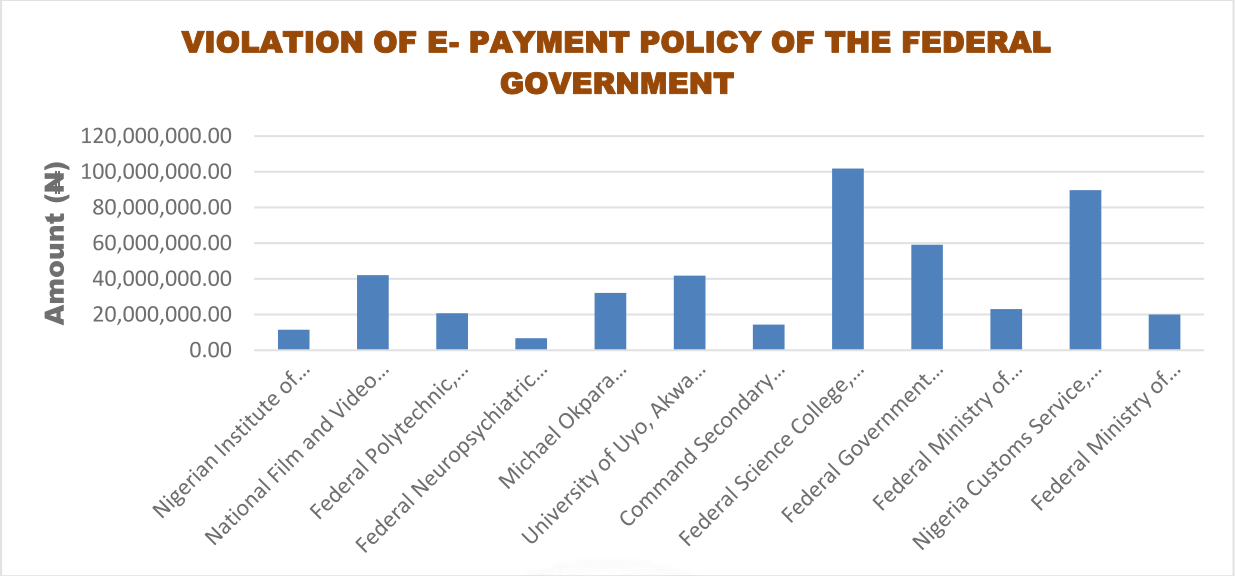
ISSUE 17: EXTRA-BUDGETARY EXPENDITURE (=₦29,140,274,193.07)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of the Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 301 of the FR 2009, states "any officer controlling a vote or part thereof, who incurs expenditure without authority does so on his sole responsibility and will consequently be held pecuniary responsible for his action."

Audit observed that:

i. The sum of ₦29,140,274,193.07 (Twenty nine billion, one hundred and forty million, two hundred and seventy four thousand, one hundred and ninety three naira, seven kobo) was the amount of extra-budgetary expenditure by fourteen (14) Ministries, Departments and Agencies (MDAs), and

ii. Securities and Exchange Commission, Abuja has the highest amount of ₦27,191,792,063.85 (Twenty seven billion, one hundred and ninety one million, seven hundred and ninety two thousand, sixty three naira, eighty five) while the Investment and Securities Tribunal, Abuja has the least amount of ₦3,159,129.75 (Three million, one hundred and fifty nine thousand, one hundred and twenty nine naira, seventy five kobo) as shown in the Figure below.



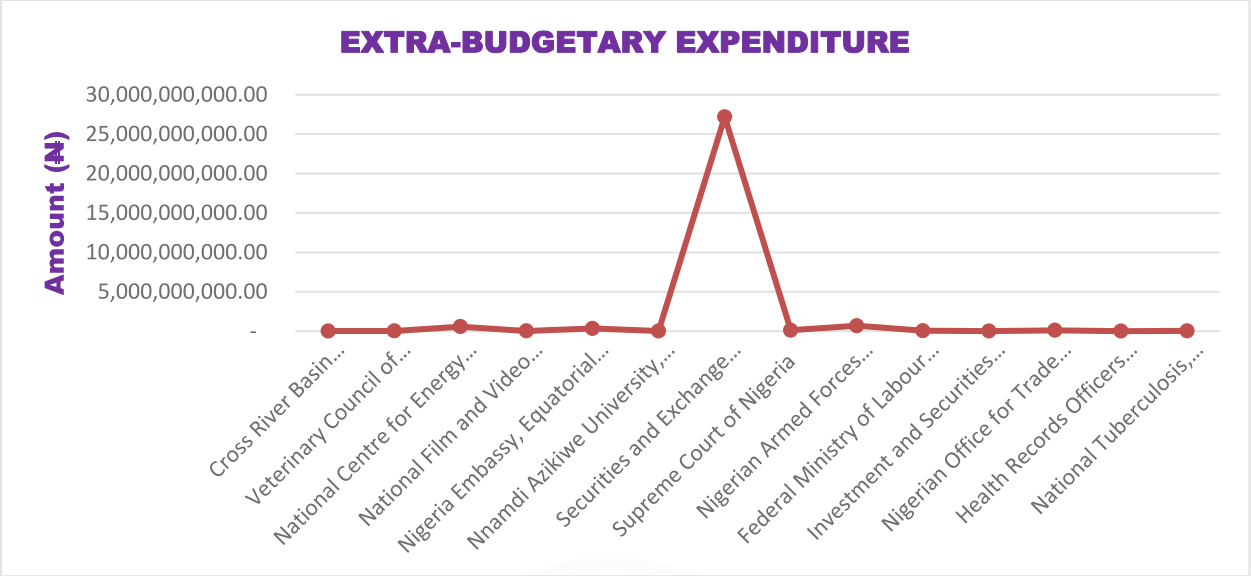
ISSUE 19: PAYMENT FOR OVERSEAS TRAVELS AND CONFERENCES WITHOUT APPROVAL (=₦728,004,233.28)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The sum of ₦728,004,233.28 (Seven hundred and twenty eight million, four thousand, two hundred and thirty three naira, twenty eight kobo) was the amount of paid for overseas travels and conferences without approval by eight (8) Ministries, Departments and Agencies (MDAs), and

ii. Securities and Exchange Commission, Abuja has the highest amount of ₦361,787,800.38 (Three hundred and sixty one million, seventy hundred and eighty seven thousand, eight hundred five naira, thirty eight) while the University of Uyo, Akwa, Ibom State has the least amount of ₦1,645,000.00 (One million, six hundred and forty five thousand naira) as shown in the Figure below.



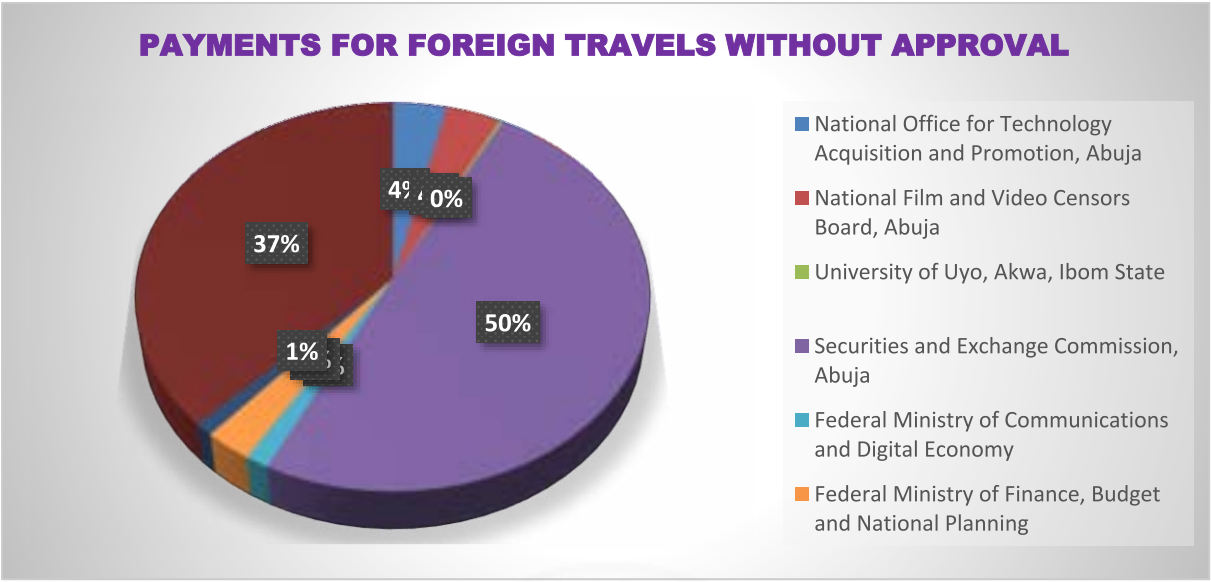
ISSUE 18: **VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦463,249,355.90)**

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. The sum of ₦463,249,355.90 (Four hundred and sixty three million, two hundred and forty nine thousand, three hundred and fifty five naira, ninety kobo) was the amount paid in violation of e- payment policy of the Federal Government by twelve (12) Ministries, Departments and Agencies (MDAs), and

ii. Federal Science College, Sokoto has the highest amount of ₦101,864,314.07 (One hundred and one million, eight hundred and sixty four thousand, three hundred and fourteen naira, seven kobo) while the Federal Neuropsychiatric Hospital, Enugu, has the least amount of ₦6,698,900.00 (Six million, six hundred and ninety eight thousand, nine hundred naira) as shown in the Figure below.



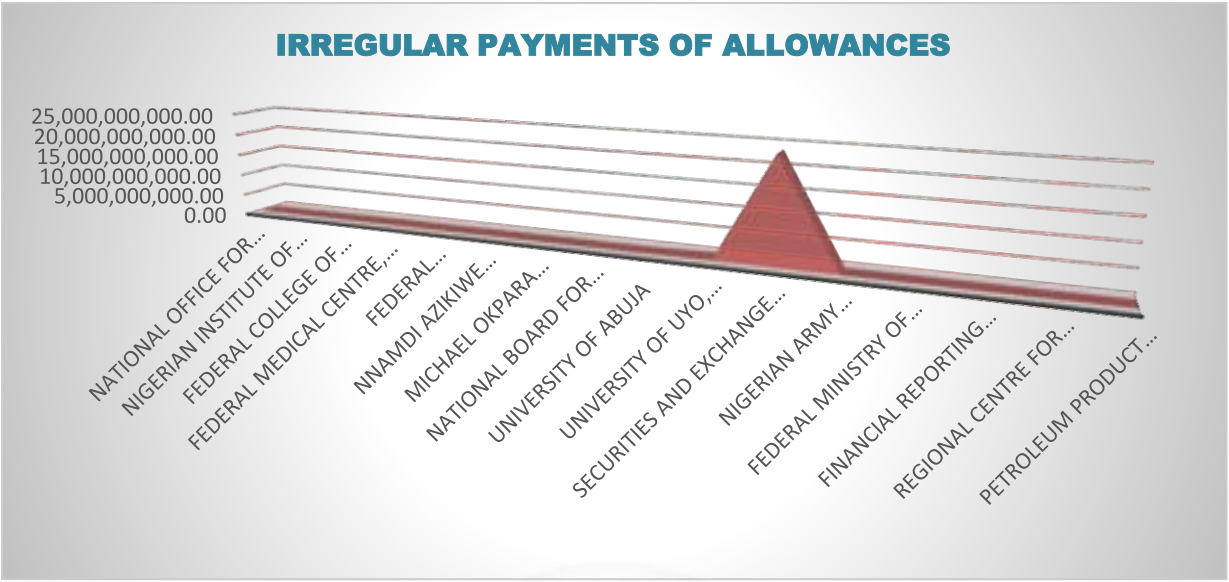
ISSUE 20: IRREGULAR PAYMENT OF ALLOWANCES (=₦24,198,535,661.62)

Paragraph 2 of the Establishment Circular with Ref. No. SWC/S/04/S.310/T/65 dated 8th April, 2016 states "It should be noted that Chief Executive Officers and other Public Servants on monthly salary who are board members in their own establishments are not entitled to sitting allowance. It should also be noted that a sitting may comprise more than one meeting." Furthermore, paragraph 2 of the Establishment Circular Ref. No SWC/S/04/S.310/T/65 dated 8th April 2016 stipulates that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year. Also, paragraph 301 of the Financial Regulations (FR) 2009, states "any officer controlling a vote or part thereof, who incurs expenditure without authority does so on his sole responsibility and will consequently be held pecuniary responsible for his action."

Audit observed that:

i. The sum of ₦24,198,535,661.62 (Twenty four billion, one hundred and ninety eight million, five hundred and thirty five thousand, six hundred and sixty one naira, sixty two kobo) was the irregular payment of allowances by sixteen (16) Ministries, Departments and Agencies (MDAs), and

ii. Securities and Exchange Commission, Abuja, has the highest amount of ₦23,676,975,672.09 (Twenty three billion, six hundred and seventy six million, nine hundred and seventy five thousand, six hundred and seventy two naira, nine kobo) while the Nigerian Army University, Biu has the least amount of ₦438,000.00 (Four hundred and thirty eight thousand naira) as shown in the Figure below.



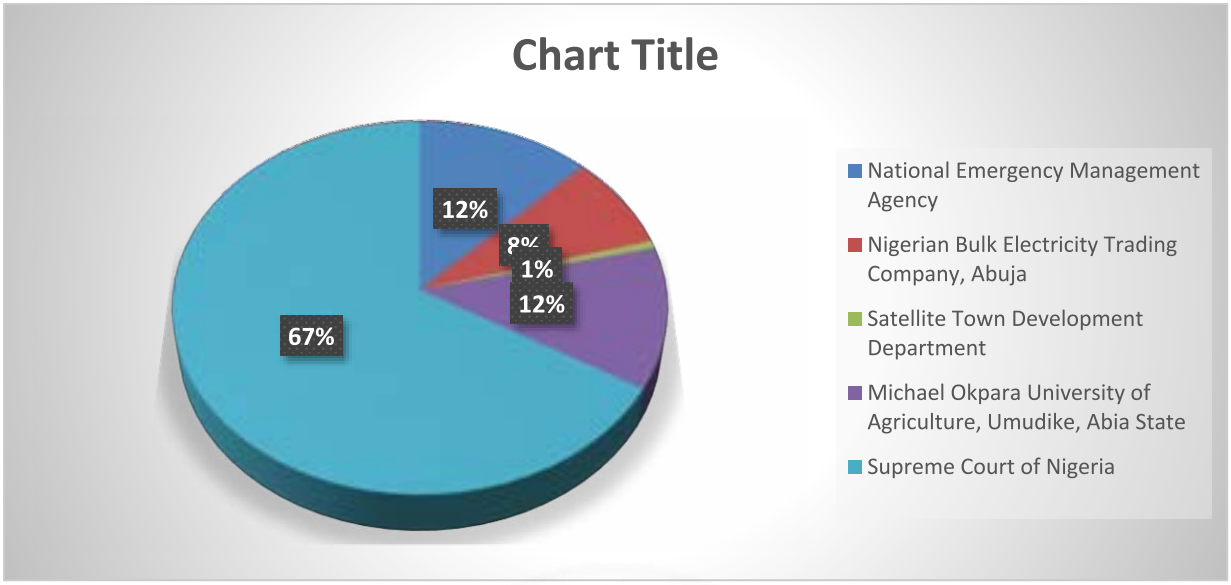
ISSUE 21: IRREGULAR POSSESSION OF GOVERNMENT VEHICLES (=₦775,942,374.32)

Paragraph 160202 of the Public Service Rule (PSR) 2008 states "…No part time Member of the Board shall be allowed to retain official vehicle for use on a permanent basis." Also, paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…" Also, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;" Furthermore, paragraph 2001 of the Financial Regulations (FR) 2009, states "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of Government vehicles." In addition, paragraph 2614 of the Financial Regulations (FR), 2009, states "…(ii) For boarding purposes, Boards of Survey should be convened at least once in every two months or as soon as unserviceable stores accumulate. (iii) Obsolete or unserviceable stores should similarly be disposed of either by auction sale or as directed by the Board, but disposal instruction must be carried out promptly within one month of the date of boarding."

Audit observed that:

i. The sum of ₦775,942,374.32 (Seven hundred and seventy five million, nine hundred and forty two thousand, three hundred and seventy four naira, thirty two kobo) was the amount of irregular possession of government vehicles by five (5) Ministries, Departments and Agencies (MDAs), and

ii. Supreme Court of Nigeria has the highest amount of ₦515,858,000.00 (Five hundred and fifteen million, eight hundred and fifty eight thousand naira) while the Satellite Town Development Department has the least amount of ₦5,000,000.00 (Five million naira) as shown in the Figure below.



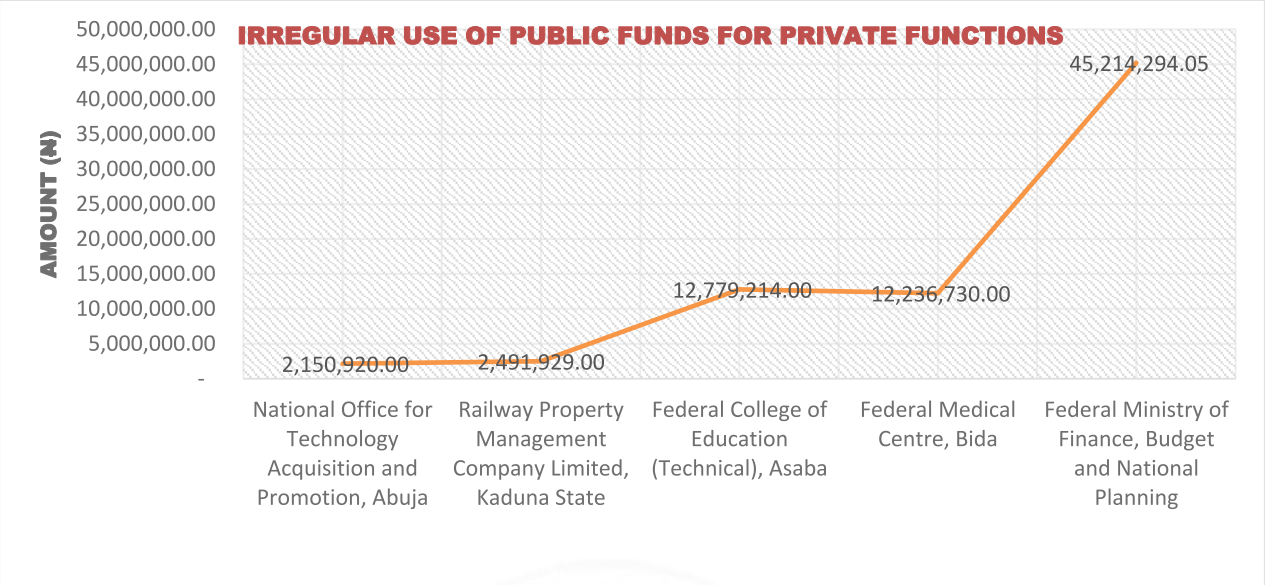
ISSUE 22: USE OF PUBLIC FUNDS FOR PRIVATE FUNCTIONS (=₦74,873,087.05)

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;" Furthermore, paragraph 2001 of the Financial Regulations (FR) 2009, states "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of Government vehicles."

Audit observed that:

i. The sum of ₦74,873,087.05 (Seventy four million, eight hundred and seventy three thousand, eighty seven naira, five kobo was the amount of public funds used for private functions by five (5) Ministries, Departments and Agencies (MDAs), and

ii. Federal Ministry of Finance, Budget and National Planning has the highest amount of ₦45,214,294.05 (Forty five million, two hundred and fourteen thousand, two hundred and ninety four naira, five kobo) while the National Office for Technology Acquisition and Promotion, Abuja has the least amount of ₦2,150,920.00 (Two million, One hundred and fifty thousand, nine hundred and twenty naira) as shown in the Figure below.



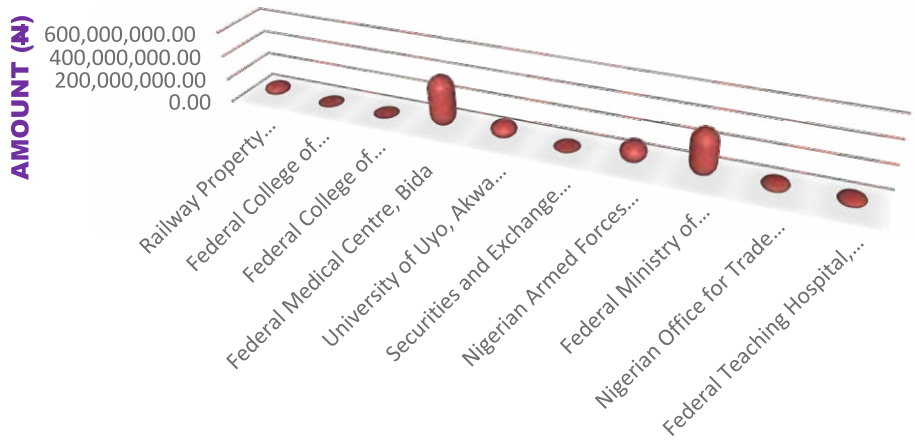
ISSUE 23: UNAPPROVED VIREMENT (=₦1,369,703,732.54)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦1,369,703,732.54 (One billion, three hundred and sixty nine million, seven hundred and three thousand, seven hundred and thirty two naira, fifty four kobo) was the unapproved virement by ten (10) Ministries, Departments and Agencies (MDAs), and

ii. Federal Medical Centre, Bida has the highest amount of ₦418,532,273.92 (Four hundred and eighteen million, five hundred and thirty two thousand, two hundred and seventy three naira, ninety two) while the Federal College of Education, Yola, Adamawa State has the least amount of ₦8,320,000.00 (Eight million, three hundred and twenty thousand naira) as shown in the Figure below.



Shaakaa Kanyitor Chira, ***FCNA, FCCrFA, FCCFI, FCTI***
Auditor-General for the Federation
FRC/2022/PRO/ANAN/001/794576

20th December, 2023

SECTION 1

EMERGING ISSUES AUDIT DEPARTMENT

FEDERAL COLLEGE OF AGRICULTURAL PRODUCE TECHNOLOGY, KANO

At the Federal College of Agricultural Produce Technology, Kano, the following observations were made for the period January 2018 to December 2020:

ISSUE 1: PAYMENTS WITHOUT PAID VOUCHERS AND PRE-PAYMENT AUDIT (=₦2,374,700.00)

Paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers must be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR 2009 states "…The Head of Internal Audit Unit in all ministries/extra-ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out…"

Audit observed that:

i. The College made three (3) payments totaling ₦2,374,700.00 (Two million, three hundred and seventy-four thousand, seven hundred naira) between March and December, 2018, without paid vouchers, and
ii. The above payments were not pre-audited as paid vouchers which could have aided the internal auditor in carrying out pre-payment audit were not raised.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks

i. Payments of unapproved expenditures.
ii. Payments for job not executed.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account for the sum of ₦2,374,700.00 (Two million, three hundred and seventy-four thousand, seven hundred naira) paid without paid vouchers.
ii. Recover the sum of ₦2,374,700.00 (Two million, three hundred and seventy-four thousand, seven hundred naira) from the beneficiaries and remit to government treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 2: NON-INSURANCE OF NEWLY ACQUIRED VEHICLES (=₦52,998,000.00)

Section 7(d) of the National Insurance Commission (NAICOM) Act, 2003 states "The Commission shall ensure adequate protection of strategic government assets and properties." Also, Establishment Circular referenced SGF/OP/I/S.3/VII/981 of 21st July, 2008 requires all MDAs to ensure that all assets under them are fully and adequately insured with registered insurance companies.

Audit observed that:
i. The College acquired two (2) vehicles amounting to ₦52,998,000.00 (Fifty-two million, nine hundred and ninety-eight thousand naira) in May 2019, and
ii. The two (2) vehicles were not insured as at the time of audit inspection in May, 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks
i. Diversion for personal use.
ii. Exposure of government to avoidable loss.

Management's Response
No response.

Recommendations
The Provost should be requested to:
i. Insure the two (2) vehicles acquired in May, 2019
ii. Forward evidence of the insurance of the vehicles to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 3: PAID VOUCHERS WITHOUT ATTACHING RELEVANT SUPPORTING DOCUMENTS (=₦7,141,396.00)

Paragraph 603(1) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i. The College made forty (40) payments amounting to ₦7,141,396.00 (Seven million, one hundred and forty one thousand, three hundred and ninety six naira).
ii. The paid vouchers were not supported with relevant documents, and
iii. It was not possible to attest if the payments were legitimate charges against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks

i. Payments for job not executed.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account for the sum of ₦7,141,396.00 (Seven million, one hundred and forty one thousand, three hundred and ninety six naira) paid without attaching relevant supporting documents to the paid vouchers.
ii. Recover the sum of ₦7,141,396.00 (Seven million, one hundred and forty one thousand, three hundred and ninety six naira) from the beneficiaries and pay same to government treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly. and
v. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦29,268,077.47)

Paragraph 236 of the Financial Regulations (FR) 2009 states “Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to the CRF before the 15th of the Month following the month of collection of the Revenue.” Also, paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states “all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;”

Audit observed that:

i. The College generated the sum of ₦46,823,571.26, ₦45,679,644.38 and ₦24,569,094.25 in 2018, 2019 and 2020 respectively, totaling ₦117,072,309.89 (One hundred and seventeen million, seventy-two thousand, three hundred and nine naira, eighty-nine kobo), and
ii. The College failed to remit the sum of ₦29,268,077.47 (Twenty-nine million, two hundred and sixty-eight thousand, seventy-seven naira and forty-seven kobo), being 25% of the sum of ₦117,072,309.89 generated within the period under review (2018 to 2020).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks
i. Loss of revenue to government.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response
No response.

Recommendations
The Provost should be requested to:
i. Remit the sum of ₦29,268,077.47 (Twenty-nine million, two hundred and sixty-eight thousand, seventy-seven naira and forty-seven kobo) being 25% of Internally Generated Revenue plus all accrued interests at the money market rate to the Government Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations should apply.

ISSUE 5: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦2,170,600.00)

Paragraph 2402(1) of the Financial Regulations (FR) 2009 states "On all paid vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulations, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O."Furthermore, paragraph 2107 of FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:
i. Four (4) payments amounting to ₦2,170,600.00 (Two million, one hundred and seventy thousand, six hundred naira) were made to three officers of the College in 2018 and 2020 for the purchase of furniture, medical and practical items, and
ii. The items procured were not taken on ledger charge, as there were no records like store ledger, store receipt vouchers, store issue vouchers, etc. in the store, neither were they presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks
i. Payment for items not purchased.
ii. Diversion of stores.

Management's Response
No response.

Recommendations
The Provost should be requested to:

i. Account for the sum of ₦2,170,600.00 (Two million, one hundred and seventy thousand, six hundred naira) paid for store items not taken on ledger charge.
ii. Recover the sum of ₦2,170,600.00 (Two million, one hundred and seventy thousand, six hundred naira) from the beneficiaries and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 6: NON-RETIREMENT OF CASH ADVANCES (=₦6,338,350.00)

Paragraph 1416 of the Financial Regulations (FR) 2009 states "The outstanding balance of any advance shall be recovered in full from the last payment of salary and/or retirement gratuity of an officer who leaves the service on retirement, resignation, termination of appointment or dismissal." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 112 (i) of the FR 2009 states "The functions of the Accounting Officer shall include:… (f) ensuring accurate collection and accounting for all public moneys received and expended;…"

Audit observed that:

i. Fifty one (51) non-personal advances totaling ₦6,338,350.00 (Six million, three hundred and thirty eight thousand, three hundred and fifty naira) that were granted to some officers of the College between January 2018 and December 2020,
ii. The advances remained unretired as at the time of the periodic checks in May 2021.
iii. There were multiple cases of cash advances without retiring previous ones.
iv. Five out of the advances granted amounting to ₦3,340,000.00 (Three million, three hundred and forty thousand naira) were in excess of the approved ₦200,000.00 threshold, thereby resulting in circumvention of procurement procedures.
v. Seven out of the advances granted amounting to ₦3,133,000.00 (Three million, one hundred and thirty-three thousand naira) were granted to two corporate entities, and
vi. The reasons for granting cash advances to corporate entities were not provided.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks

i. Loss of government funds.
ii. Payments for jobs not executed.
iii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Provost should be requested to:
i. Recover the sum of ₦6,338,350.00 from the beneficiaries of cash advances and remit same to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances and gross misconduct, proscribed in paragraphs 3106, 3115, 3124 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: DOUBTFUL PAYMENTS (=₦8,302,525.00)

Paragraph 415 of the Financial Regulations (FR) 2009, states "The federal government requires all officers responsible for expenditure to exercise due economy; and money must not be spent merely because it has been voted." Furthermore, paragraph 603(1) of the FR 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i The sum of ₦8,302,525.00 (Eight million, three hundred and two thousand, five hundred and twenty five naira) was paid as Duty Tour Allowances (DTA) to officers for various tours from 2018 to 2020.
ii The tours were not backed by any invitation or advertisement, and
iii The reason for the trips and their outcomes (i.e. reports) were not communicated to the College.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks
i Loss of public funds
ii Diversion of public funds.

Management's Response
No response.

Recommendations
The Provost should be requested to:
i. Recover the sum of ₦8,302,525.00 from the officers involved and remit to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions relating to poor management of funds stated in paragraph 3115 of the Financial Regulations 2009 should apply.

ISSUE 8: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦10,061,381.25)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The College granted forty (40) cash advances amounting to ₦10,061,381.25 (Ten million, sixty one thousand, three hundred and eighty one naira, twenty five kobo) to thirteen officers between April 2018 and December 2020.
ii. Those cash advances granted were in excess of the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures, and
iii. The Federal Government has by the action of the College been deprived of revenue amounting to ₦1,106,751.94 that would have accrued by way of 5% WHT, 5% VAT and 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks

i. Loss of government revenue.
ii. Procurement of substandard goods and services.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Recover the sum of ₦10,061,381.25 (Ten million, sixty one thousand, three hundred and eighty one naira, twenty-five kobo) and remit to the Treasury
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 9: IRREGULAR AWARD OF CONTRACT FOR THE CONSTRUCTION OF CLASSROOMS AND OFFICES (=₦26,008,000.00)

Section 24 (1) of the Public Procurement Act 2007 states, "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be conducted by open competitive bidding."

Audit observed that:

i. The College awarded a contract in 2019 for the construction of classrooms and offices on top of student centre, at a contract price of ₦26,008,000.00 (Twenty six million, eight thousand naira).
ii. The contract was awarded without stating the completion period.
iii. There was neither evidence of advertisement for the job nor evidence of technical/financial evaluation.
v. No Bill of Quantities (BOQs) was provided, and
vi. The contractor had been paid the sum of ₦25,534,321.43, which includes a portion of retention fee that was not deducted till the defect liability period elapsed amounting to ₦826,721.43.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agricultural Produce Technology.

Risks

i. Loss of government fund.
ii. Payment for job not properly executed.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account for the sum of ₦26,008,000.00 (Twenty six million, eight thousand naira) paid for contract that was irregularly awarded.
ii. Recover the sum of ₦26,008,000.00 (Twenty six million, eight thousand naira) from the contactor and remit same to treasury.
iii. Forwarding the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

NIGER DELTA BASIN DEVELOPMENT AUTHORITY, PORT HARCOURT

At the Niger Delta Basin Development Authority, Port Harcourt, the following observations were made:

ISSUE 1: GOVERNMENT REVENUE NOT ACCOUNTED FOR (=₦26,725,920.00)

Paragraph 2 of the Treasury Circular Ref. No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March 2015 states "With effect from 1st April 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government."

Audit observed that:

i. The Authority set up a committee comprising of officers from the Commercial Unit and Accounts Department to oversee the sale of the Authority's farm produce.

ii. The committee realized a total of ₦26,725,920.00 (Twenty six million, seven hundred and twenty five thousand, nine hundred and twenty naira) net of cost of sales as shown in the Table below, which was thereafter handed over to the cashier, and

S/N	SOURCES / NATURE OF PROCEED	SALES PROCEEDS (NET) (₦)
1.	Sales of eggs (Songhai Model Farm, Kpong)	18,359,400.00
2.	Sales of catfish (Songhai Model Farm, Otuoke)	2,412,020.00
3.	Sales of catfish (Songhai Model Farm, Kpong)	2,119,300.00
4.	Sales of broilers (Songhai Model Farm, Kpong)	3,835,200.00
	TOTAL	**26,725,920.00**

iii. Though the cashier confirmed acceptance of the amount, he failed to account for the utilization.

The above anomalies could be attributed to weaknesses in the internal control system at the Niger Delta Basin Development Authority.

Risks

i. Diversion of Government Revenue.

Ii Loss of Government Revenue

Management's Response

"The farms were newly established and are still being test run, therefore the sales could not be lodged into CRF and only drawn after budgetary provisions are made, as funds are required for day to day running of the farms. However, 25% of total sales were remitted as statutorily required. The remittances were done in January 2021 as the produces were sold in December, 2020."

Recommendations

The Managing Director should be requested to:

i. Account for the sum of ₦26,725,920.00 (Twenty six million, seven hundred and twenty five thousand, nine hundred and twenty naira) realized from the sale of the Authority's farm produce in 2020.

ii. Remit the sum of ₦26,725,920.00 (Twenty six million, seven hundred and twenty five thousand, nine hundred and twenty naira) plus accrued interests to the Consolidated Revenue Fund of the Federal Government.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2 UNRECOVERED SALARY ADVANCES FROM RETIRED STAFF (=₦5,726,886.63)

Paragraph 1420 of the Financial Regulations (FR) 2009, states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." Furthermore, paragraph 1416 of the FR 2009, states "The outstanding balance of any advance shall be recovered in full from the last payment of salary and/or retirement gratuity of an officer who leaves the service on retirement, resignation, termination of appointment or dismissal."

Audit observed that:
i. Salary advances totaling ₦5,726,886.63 (Five million, seven hundred and twenty six thousand, eight hundred and eighty six naira, sixty three kobo) granted to twelve officers of the Authority between September, 2004 and July, 2012 remained unretired as at the time of audit in April 2021, and
ii. Further inquiry revealed that all the staff affected had retired from the service of the Authority and no effort was made to recover the money from them.

The above anomalies could be attributed to weaknesses in the internal control system at the Niger Delta Basin Development Authority.

Risks
i. Loss of government funds.
ii. Difficulty in funding budget.

Management's Response
"With the advent of Contributory Pension Scheme in 2004, the Authority was no longer directly responsible for the payment of retirement benefits, and as such could not do the deductions at the time of their retirement. However, efforts are still being made by the present management for the recovery of the loan. Though some of them are dead while some could not be traced."

Recommendations
The Managing Director should be requested to:
i. Account for the sum of ₦5,726,886.63 (Five million, seven hundred and twenty six thousand, eight hundred and eighty six naira, sixty three kobo) unretired salary advance.
ii. Recover the sum of ₦5,726,886.63 from the beneficiaries and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to non-recovery of advances and failure to spend public funds effectively as specified in paragraphs 3118 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦2,339,997.50)

Paragraph 236 of the Financial Regulations (FR) 2009, states "Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to the CRF before the 15th of the Month following the month of collection of the Revenue". Also, paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:

i. The sum of ₦4,005,275.00 (Four million, five thousand, two hundred and seventy five naira) was generated as independent revenue for years 2019 and 2020 with only the sum of ₦1,665,277.50 remitted to the Consolidated Revenue Fund (CRF), and

ii. The sum of ₦2,339,997.50 (Two million, three hundred and thirty-nine thousand, nine hundred and ninety seven naira, fifty kobo) was not remitted to the CRF as shown in the Table below.

YEAR	INDEPENDENT REVENUE	AMOUNT ₦	OTHER REVENUE	AMOUNT ₦
2019	Tender Income	3,040,000.00	Earning from hiring of plants &equipment	1,925,000.00
			Laboratory income	157,600.00
2020	Tender Income	80,000.00	Earning from hiring of plants &equipment	1,393,500.00
			Laboratory income	65,000.00
		3,120,000.00		**3,541,100.00**
	Federal Govt Share of other Revenue 25% of ₦3,541,100.00= ₦885,275.00 + ₦3,120,000.00 (Independent Revenue) = **₦4,005,275.00**	Unremitted= ₦4,005,275.00 Less ₦1,665,277.50 (Remitted) **= ₦2,339,997.50**		

The above anomalies could be attributed to weaknesses in the internal control system at the Niger Delta Basin Development Authority.

Risks

i. Loss of funds/revenue by Government.

ii. Inability to fund government budget.

Management's Response

"The Authority in year 2019 and 2020 remitted 25% of all her IGR, if not for the issue of Independent Revenue which was not made known to us as at the time. However, management has instructed that, henceforth, all independent revenue be remitted 100%."

Recommendations

The Managing Director should be requested to:

i. Account for the sum of ₦2,339,997.50 (Two million, three hundred and thirty nine thousand, nine hundred and ninety seven naira, fifty kobo) being the unremitted IGR.
ii. Remit the sum of ₦2,339,997.50 to the Treasury.
iii. Furnish evidence of remittance to the Public Accounts Committe3es of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government revenue as specified in paragraph 3112 of the Financial Regulations 2009 should apply.

CROSS RIVER BASIN DEVELOPMENT AUTHORITY, CALABAR

At the Cross River Basin Development Authority, Calabar, Cross River State, the following observations were made:

ISSUE 1: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦3,589,200,461.72)

Paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised."

Audit observed that:

i. Seven hundred and thirty one (731) paid vouchers amounting to ₦3,589,200,461.72(Three billion five hundred and eighty nine million two hundred thousand, four hundred and sixty one naira, seventy two kobo) that were raised in 2019 were not presented for audit examination, and
ii. There were no documents presented to justify the expenditure of the sum stated in (i) above as a legitimate expenditure of Government.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks

i. Payments for unbudgeted expenditures.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Managing Director should be requested to:
i. Account for the sum of ₦3,589,200,461.72 (Three billion five hundred and eighty nine million, two hundred thousand, four hundred and sixty one naira, seventy two kobo) paid without paid vouchers.
ii. Recover and remit to the Treasury, the sum of ₦3,589,200,461.72.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly.
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: NON-REMITTANCE OF STATUTORY STAMP DUTY (=₦41,420,498.47)

Paragraph 2 of the Treasury Circular Ref: No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:
i. The Authority failed to remit the sum of ₦41,420,498.47 (Forty one million four hundred and twenty thousand four hundred and ninety eight naira, forty seven kobo) being 1% Stamp Duty that were deducted from contracts awarded in 2019, and
ii. There were no justifiable reasons provided for the failure to remit the 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks
i. Loss of government revenue
ii. Inability to fund government budget
iii. Diversion of public funds

Management's Response
No response.

Recommendations
The Managing Director should be requested to:
i. Justify the non-remittance of 1% Stamp Duty deduction amounting to ₦41,420,498.47 (Forty one million four hundred and twenty thousand four hundred and ninety eight naira forty seven kobo).

ii. Remit to Treasury, the sum of ₦41,420,498.47.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: IRREGULAR PAYMENTS IN RESPECT OF CONTINGENCIES (=₦278,813,822.44)

Paragraph 415 of the Financial Regulations (FR) 2009 states "the Federal Government requires all officer responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 417 of the FR 2009 states "Expenditure shall strictly be classified in accordance with the Estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:
i. Provisions for contingencies were made in the Bills of Quantities in respect of one hundred and eight (108) contracts awarded by the Authority between 2014 and 2019 totaling ₦278,813,822.44 (Two hundred and seventy eight million eight hundred and thirteen thousand eight hundred and twenty two naira forty four kobo).
ii. There was no evidence of occurrence of contingencies that would have warranted the release of the funds, yet payments were made to the contractors for contingencies, and
iii. Approval for the release of the funds and the retirement of samewere not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks
i. Waste of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Managing Director should be requested to:
i. Justify the irregular payments in respect of contingencies.
ii. Account for the sum of ₦278,813,822.44 (Two hundred and seventy eight million eight hundred and thirteen thousand eight hundred and twenty two naira forty four kobo) being contingencies in respect of contracts paid during the period under review.
iii. Recover and remit to Treasury, the sum of ₦278,813,822.44 from the Vendors.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: PAYMENTS FOR LAND COMPENSATION WITHOUT EVIDENCE OF UTILIZATION (=₦133,615,734.48)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 417 of the FR 2009 states "Expenditure shall strictly be classified in accordance with the Estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. A provision amounting to ₦133,615,734.48 (One hundred and thirty three million six hundred and fifteen thousand seven hundred and thirty seven naira forty eight kobo) was made for land compensation in respect of contracts awarded by the Authority between 2010 and 2019.
ii. The amount was disbursed to the contractors in 2019 vide nineteen (19) paid vouchers, and
iii. There was no evidence of utilising the payment for any form of compensation.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks

i. Waste of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the reason for payments for land compensation without evidence of utilising the funds.
ii. Account for the sum of ₦133,615,734.48 (One hundred and thirty three million six hundred and fifteen thousand seven hundred and thirty seven naira forty three kobo) paid without evidence of utilization.
iii. Recover and remit to Treasury, the sum of ₦133,615,734.48.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: EXTRA-BUDGETARY EXPENDITURE (=₦7,776,264.00)

Paragraph 417 of the Financial Regulations (FR) 2009, states "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for

which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Also, Section 22 (5) of Independent Corrupt Practices and Other related Offices Commission Act, 2000, states "any public officer who transfers or spends any sum allocated for a particular project or service on another project or service, shall be guilty of an offence under this Act and on conviction be liable to one (1) year imprisonment or a fine".

Audit observed that:

i. The sum of ₦150,000,000.00 (One hundred and fifty million naira) was provided in the 2019 Appropriation Act of the Authority for the construction of Kwal Falls Dam Embankment (Phase1) at Akamkpa localgovernmentarea.
ii. The sum of ₦157,776,264.00 (One hundred and fifty seven million seven hundred and seventy six thousand two hundred and sixty four naira) was however, paid to the contractor as detailed in the Table below, resulting in an extra-budgetary spending of ₦7,776,264.00 (Seven million seven hundred and seventy six thousand two hundred and sixty four naira), and

S/N	DETAILS	GIFMIS REFERENCE NO.	DATE	AMOUNT (₦)
1	Construction of Kwal falls Dam embarkment (Phase1) in Akamkpa LGA	1000638230-142	11/12/2019	120,057,258.00
2	Construction of QUA Falls Dam Embarkment (Phase1) in AkamkpaLGA	1000657144-98	31/12/2019	37,719,006.00
	TOTAL			**157,776,264.00**

iii. There was no evidence of approval by the Minister of Finance or the National Assembly to justify the extra-budgetary expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks

i. Waste of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the extra-budgetary expenditure.
ii. Recover and remit to Treasury, the sum of ₦7,776,264.00 (Seven million seven hundred and seventy six thousand two hundred and sixty four naira).
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations2009 respectively, should apply.

ISSUE 6: NON-REMITTANCE OF STATUTORY TAXES (=₦24,485,606.58)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the sametime the payee who is the subject of the deduction is paid."

Audit observed that:

i. A total of ₦24,485,606.58 (Twenty four million four hundred and eighty five thousand six hundred and six naira,fifty eight kobo) deducted from twelve (12) payments made to contractors in 2019 were not remitted to the relevant tax authorities, and
ii. There were no documents provided to justify the non-remittance of the statutory taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks

i. Loss of government revenue.
ii. Inability to fund government budget.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for the non-deduction of statutory taxes and remittance of same to the appropriate authorities.
ii. Recover and remit the sum of ₦24,485,606.58 (Twenty four million four hundred and eighty five thousand six hundred and six nairafifty eight kobo) to the Federal Inland Revenue Service.
iii. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to, non-remittance of VAT & WHT, failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 234(ii& iii), 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: NON-SUBMISSION OF 2019 AUDITED FINANCIAL STATEMENTS

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General not later than 31st May of the following year of the Account."

In spite of the extant regulations:

i. The Cross River Basin Development Authority, Calabar failed to submit its audited financial statements for the year 2019 to the Office of the Auditor-General for the Federation, and
ii. No reason was provided for the non-submission of the 2019 Audited Financial Statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks

i. Impediment to Public Accounts Committees' oversights.
ii. Sub optimal decisions by those charged with governance.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify the non-submission of the 2019 Audited Financial Statements.
ii. Forward a copy of the outstanding Audited Financial Statements to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating gross misconduct in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 8: UNRETIRED CASH ADVANCES (=₦17,108,798.96)

Paragraph 1405 of the Financial Regulations (FR) 2009 states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Fifty (50) cash advances amounting to ₦17,108,798.96 (Seventeen million one hundred and eight thousand seven hundred and ninety eight naira ninety six kobo) that were granted to officers of the Authority in 2019 remained unretiredas at the time of audit in 2021, and
ii. There was no justification provided for the non-retirement of the cash advances.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Provide Justification to the Public Accounts Committees of the National Assembly for the non-retirement of the cash advances.
ii. Recover and remit to Treasury, the sum of ₦17,108,798.96 (Seventeen million one hundred and eight thousand seven hundred and ninety eight naira ninety six kobo).
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to recover personal advances and non-retirement of advances prescribed in paragraphs 3118 and 3124 of the Financial Regulations 2009 respectively, should apply.

ISSUE 9: CONTRACT FILES NOT PRESENTED FOR AUDIT (=₦652,168,427.05)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "The Public accounts of the Federation and of all offices and courts of the Federation shall be audited and reported on by the Auditor-General who shall submit his reports to the National Assembly; and for that purpose, the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, Section 38(5) of the Public Procurement Act 2007 states "The records and documents maintained by procuring entities on procurement shall be made available for inspections by the Bureau, an investigator appointed by the Bureau and the Auditor-General upon request, and where donor funds have been used for procurement, donor officials shall also have access upon request to procurement files for the purpose of audit and review." In addition, paragraph 110 of the Financial Regulations (FR) 2009, states "By virtue of the responsibilities and functions of the Accountant-General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

In spite of the extant regulations:

i. Contract files relating to nine (9) payments totaling ₦652,168,427.05 (Six hundred and fifty two million one hundred and sixty eight thousand four hundred and twenty seven naira five kobo) that were made to three contractors were not presented for audit examination, and
ii. No justification was provided for non-presentation of the contract files.

The above anomalies could be attributed to weaknesses in the internal control system at the Cross River Basin Development Authority, Calabar.

Risks

i. Payments for jobs not executed.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly for the non-presentation of the contract files.
ii. Account for the sum of ₦652,168,427.05 (Six hundred and fifty two million one hundred and sixty eight thousand four hundred and twenty seven naira five kobo) paid to contractors without proper accountability.
iii. Recover and remit to Treasury, the sum of ₦652,168,427.05.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 10: PAYMENT OF COMPENSATION ON CONSTRUCTION OF BUNYAIA/AKATOM IRRUAN DAM WITHOUT EVIDENCE OF DISBURSEMENT (=₦169,199,550.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "TheFederal Government requires all officer responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 417 of the FR states "Expenditure shall strictly be classified in accordance with the Estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. Provisions in the sum of ₦169,199,550.00 (One hundred and sixty nine million one hundred and ninety nine thousand five hundred and fifty naira) were made for land compensation in respect of contracts awarded by the Authority for the construction of Bunyaia-AkatoniIrruan Dam.
ii. The amount was disbursed to the contractors in 2019 vide ten paid vouchers.
iii. Details of parties that were purportedly compensated and the purpose for such compensation were not presented for audit, and
iv. There was, however, no evidence of payment of any form of compensation.

The above anomalies could be attributed to weaknesses in the internal control system at Cross River Basin Development Authority, Calabar.

Risks
i. Waste of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Managing Director should be requested to:
i. Account for the sum of ₦169,199,550.00 (One hundred and sixty nine million one hundred and ninety nine thousand five hundred and fifty naira) paid without evidence of utilization.
ii. Recover and remit to the Treasury, the sum of ₦169,199,550.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

LOWER NIGER RIVER BASIN DEVELOPMENT AUTHORITY, ILORIN

At the Lower Niger River Basin Development Authority, Ilorin, the following observations were made:

ISSUE 1: NON-SUBMISSION OF 2019 AUDITED FINANCIAL STATEMENTS

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General not later than 31st May of the following year of the Account."

In spite of the extant regulations:
i. The Lower Niger River Basin Development Authority, Ilorin failed to submit its audited financial statements for the year ended 31st December 2019 to the Office of the Auditor-General for the Federation, and
ii. There was no justification provided by the Authority for the non-submission of the audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks
i. Impediments to Legislative oversights.
ii. Sub-optimal decisions by those charged with governance.

Management's Response
No response.

Recommendations

The Managing Director should be requested to:

i. Justify the non-submission of the audited financial statements.
ii. Forward a copy of the audited financial statements to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating gross misconduct in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: DIVERSION OF INTERNALLY GENERATED REVENUE (IGR) MEANT FOR CONSOLIDATED REVENUE FUND (CRF) (=₦20,574,847.82)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;" Also, paragraph 2 of the Treasury Circular Ref No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March 2015 states "With effect from 1st April 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government."

Audit observed that:

i. The sum of ₦20,574,847.82 (Twenty million, five hundred and seventy four thousand, eight hundred and forty seven naira, eighty two kobo) out of the internally generated revenue for 2018 and 2019 was diverted and deposited into private accounts, and
ii. There was no justification for the non-remittance of the Authority's IGR to Government Treasury.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the non-remittance of the Authority's IGR to Government Treasury.
ii. Account for the sum of ₦20,574,847.82 (Twenty million, five hundred and seventy four thousand, eight hundred and forty seven naira, eighty two kobo).

iii. Recover and remit the sum of ₦20,574,847.82 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to failure to account for Government Revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: NON-DEDUCTION OF 1% STAMP DUTY (=₦152,135,748.07)

Paragraph 2 of the Treasury Circular Ref: No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:
i. The Authority failed to deduct 1% Stamp Duty totaling₦152,135,748.07 (One hundred and fifty-two million, one hundred and thirty five thousand, seven hundred and forty eight naira, seven kobo) from contracts awarded in 2018 and 2019, and
ii. No reason was provided by the Authority to justify the non-deduction of the mandatory 1% Stamp Duty in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at Lower Niger River Basin Development Authority, Ilorin.

Risks
i. Loss of government revenue
ii. Inability to fund government budget
iii. Diversion of public funds

Management's Response
No response.

Recommendations
The Managing Director should be requested to:
i. Account for the sum of ₦152,135,748.07 (One hundred and fifty two million, one hundred and thirty five thousand, seven hundred and forty eight naira, seven kobo), being the 1% Stamp Duty for contracts awarded during the year.
ii. Recover and remit to the Treasury, the sum of ₦152,135,748.07.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦305,621,742.90)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the FR 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 110 of the Financial Regulations (2009) states "By virtue of their responsibilities and functions, the Accountant General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of' government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

Audit observed that:

i. Twenty eight (28) paid vouchers amounting to ₦305,621,742.90 (Three hundred and five million, six hundred and twenty one thousand, seven hundred and forty two naira, ninety kobo) that were raised in 2018 were not presented for audit examination, and
ii. There was no justification provided for the expenditure of ₦305,621,742.90 without raising paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Payments for unbudgeted expenditures.
ii. Loss of government funds.
iii. Payments for jobs not executed.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Account for the sum of ₦305,621,742.90 (Three hundred and five million, six hundred and twenty one thousand, seven hundred and forty two naira, ninety kobo) paid without raising paid vouchers.
ii. Recover and remit to Treasury, the sum of ₦305,621,742.90.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009, respectively, should apply.

ISSUE 5: UNJUSTIFIED INSERTION OF "COMPENSATION" INTO THE BILL OF ENGINEERING, MEASUREMENT AND EVALUATION (=₦24,750,000.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Authority inserted the clause "compensation" into the Bills of Engineering Measurement and Evaluation (BEME) in respect of nine contracts awarded in 2019.
ii. A total of ₦24,750,000.00 (Twenty four million, seven hundred and fifty thousand naira) were provided as compensations in respect of those contracts and were later paid to the contractors.
iii. Details of what the inserted clause meant and how the amount was utilized were not made available for audit, and
iv. Names of parties who were compensated and reasons for the purported compensation were also not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Waste of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Account for the sum of ₦24,750,000.00 (Twenty four million, seven hundred and fifty thousand naira) paid without justification.
ii. Recover and pay to Treasury, the sum of ₦24,750,000.00 (Twenty four million, Seven Hundred and Fifty thousand Naira).
iii. Forward evidence of payment to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 6: PAYMENTS WITHOUT EVIDENCE OF UTILIZATION (=₦84,510,000.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. One hundred and eighty-six (186) payments amounting to ₦84,510,000.00 (Eighty four million, five hundred and ten thousand naira) were made through the insertion of the term "Contract administration" into contracts that were awarded by the Authority between 2018 and 2019, and
ii. Details of the utilization of the amount provided for "contract administration" were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Waste of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Account for the sum of ₦84,510,000.00 (Eighty four million, five hundred and ten thousand naira) paid without evidence of utilization.
ii. Recover and pay the sum of ₦84,510,000.00 to the Treasury.
iii. Forward evidence of payment to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively and payment for a job not executed prescribed in paragraphs 3106, 3115 and 3104 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: AWARD OF CONTRACTS ABOVE APPROVED THRESHOLD (=₦764,309,983.01)

Paragraph 1 of the Establishment Circular Ref. No. SGF/OP/I/S.3/XI/849 of 14th January, 2016 states "…Mr. President has approved the revision of Prior Review Thresholds for Service-Wide Application for procurement of Goods, Works and Services as follows:

Approving Authority/"No Objection" to award	Goods	Works	Non-Consultant/Services
BPP Certificate of "No Objection" to Contract award/FEC approved	₦100 million and above	₦500 million and above	₦100 million and above
Ministerial Tenders Board	₦5 million and above but less than ₦100 million	₦10 million and above but less than ₦500 million	₦5 million and above but less than ₦100 million
Parastatal Tenders Board	₦2.50 million and above but less than ₦50 million	₦5 million and above but less than ₦250 million	₦2.50 million and above but less than ₦50 million
Accounting Officer: Permanent Secretary	Less than ₦5 million	Less than ₦10 million	Less than ₦5 million
ccounting Officer: Director General/CEO	Less than ₦2.50 million	Less than ₦5 million	Less than ₦2.50 million

". Also, section 16(2) of the Public Procurement Act, 2007 states "Where the Bureau has set prior review thresholds in the procurement regulations, no funds shall be disbursed from the Treasury or Federation Account or any bank account of any procuring entity for any procurement falling above the set thresholds unless the cheque, payments or other form of request for payments is accompanied by a certificate of "No Objection" to an award of contract duly issued by the Bureau."

Audit observed that:

i. The Authority awarded five (5) contracts totaling ₦764,309,983.01 (Seven hundred and sixty four million, three hundred and nine thousand, nine hundred and eighty three naira, one kobo) for various constructions, and
ii. The value of each of the contracts was above the approved threshold of the Managing Director of not more than ₦5,000,000.00 for works, thereby, violating the provisions of section 16(2) of the Public Procurement Act quoted above.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Award of contract to incompetent contractor.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for awarding contracts above the approved threshold.
ii. Recover and remit the sum of ₦764,309,983.01 (Seven hundred and sixty four million, three hundred and nine thousand, nine hundred and eighty three Naira, one kobo) paid on contracts awarded in excess of approved threshold.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract, irregular payment and gross misconduct specified in paragraphs 3117, 3106 and 3129 of the Financial Regulations (FR) 2009, respectively, should apply.

ISSUE 8: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦343,784,056.23

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such

as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Nineteen (19) payments totaling ₦343,784,056.23 (Three Hundred and forty three million, seven hundred and eighty four thousand, fifty six naira, twenty three kobo) were made between 2018 and 2019, and
ii. The Authority, however, failed to attach relevant supporting documents to the paid vouchers used in effecting those payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Payments for unbudgeted expenditures.
ii. Payments for jobs not executed.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees, the payments made without supporting documents.
ii. Account for the sum of ₦343,784,056.23 (Three Hundred and forty three million, seven hundred and eighty four thousand, fifty six naira, twenty three kobo) paid without attaching relevant documents to the paid vouchers.
iii. Recover and remit the sum of ₦343,784,056.23 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 9: COLLECTION OF REVENUE BY CASH IN VIOLATION OF TSA E-COLLECTION POLICY OF THE FEDERAL GOVERNMENT(=₦20,931,972.50)

Paragraph 2 of the Treasury Circular Ref. No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March 2015 states "With effect from 1st April 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government."

Audit observed that:

i. The Authority accepted cash payments amounting to ₦20,931,972.50 (Twenty million, nine hundred and thirty one thousand nine hundred and seventy two naira, fifty kobo) from farmers in six different areas within the state for renting of farmlands.
ii. The Authority would have encouraged the farmers to pay the amount directly into Federal Government TSA account in accordance with the TSA e-collection policy, and
iii. The Authority collects the monies from the farmers and then generate Remita Retrieval Reference (RRR) before lodging the amount into government account in the Authority's name as though it was a single transaction.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Diversion of public funds.
ii. Loss of revenue.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committee of the National Assembly, the reason for collecting revenue in cash in violation of the extant regulations on TSA E-Collection, and
ii. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations (FR) 2009, respectively, should apply.

ISSUE 10: INSERTION OF UNJUSTIFIED "MONITORING AND EVALUATION FEE" INTO THE BILL OF ENIGINEERING MEASUREMENT AND EVALUATION (=₦24,783,000.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The Authority inserted the clause "monitoring and compensation" into the Bills of Engineering Measurement and Evaluation (BEME) in respect of ninety nine (99) contracts awarded in 2018 and 2019.
ii. A total of ₦24,783,000.00 (Twenty four million, seven hundred and eighty three thousand naira) were provided as monitoring and evaluation, which were later paid to the contractors, and
iii. Details of what the inserted clause meant and how the amount was utilized were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks
i. Waste of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Managing Director should be requested to:
i. Account for the sum of ₦24,783,000.00 (Twenty four million, seven hundred and eighty three thousand naira) paid without evidence of utilization.
ii. Recover and remit to the Treasury, the sum of ₦24,783,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 11: UNJUSTIFIED PAYMENT FOR COST OF DRAWINGS EMBEDDED IN BILL OF ENGINEERING MEASUREMENT AND EVALUATION (=₦20,645,000.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The sum of ₦20,645,000.00 (Twenty million, six hundred and forty five thousand naira) was included in the Bill of Engineering Measurements and Evaluation (BEME) as the cost of drawings for some contracts, and
ii. There was no evidence of such drawings attached to the paid vouchers or presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks
i. Waste of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations

The Managing Director should be requested to:

i. Account for the sum of ₦20,645,000.00 (Twenty million, six hundred and forty five thousand naira) paid without justification.
ii. Recover and remit to the Treasury, the sum of ₦20,645,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 12: PAYMENTS TO CONTRACTORS IN EXCESS OF VALUE OF WORK DONE (=₦122,668,795.62)

Section 35(2) of the Public Procurement Act (PPA) 2007 states "Once a mobilization fee has been paid to any supplier or contractor, no further payment shall be made to the supplier or contractor without an interim performance certificate issued in accordance with the contract agreement." Also, paragraph 2933(ii) of the Financial Regulations (FR) 2009 states "No further payments shall be made to a supplier or contractor who has been paid mobilization fee except on the strength of an interim performance certificate issued in accordance with the contract agreement."

Audit observed that:

i. The sum of ₦122,668,795.62 (One hundred and twenty two million, six hundred and sixty eight thousand, seven hundred and ninety five naira, sixty two kobo) was deducted in piecemeal from the Contractor's subsequent payments instead of removing the total amount initially granted as Mobilization Fees from the Value of Work Done, and
ii. The action of the Authority has left the contractor with excess fund.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Loss of government funds.
ii. Diversion of public funds.
iii. Abandonment of project.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees, the excess payments made to the contractor with respect to mobilization fee which was not deducted in full in the first interim payment certificate.

ii. Recover and remit the sum of ₦122,668,795.62 (One hundred and twenty two million, six hundred and sixty eight thousand, seven hundred and ninety five naira, sixty two kobo) the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE13: PAID VOUCHERS NOT STAMPED "PAID" (=₦17,323,530.00)

Paragraph 622 of the Financial Regulations (FR) 2009 states "Immediately after payment is made, the paying officer shall stamp the original vouchers and all copies, all invoices, warrant or other supporting documents "paid"."

Audit observed that:
i. Thirty five (35) paid vouchers totaling ₦17,323,530.00 (Seventeen million, three hundred and twenty three thousand, five hundred and thirty naira) were not stamped "paid", in violation of the extant regulations under reference, and
ii. There were no reasons provided for not Stamping the paid vouchers as "Paid" after payments were made.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks
i. Loss of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the reason for not stamping "paid" on the paid vouchers.
ii. Account for the sum ₦17,323,530.00 (Seventeen million, three hundred and twenty three thousand, five hundred and thirty naira).
iii. Recover and remit to the Treasury, the sum of ₦17,323,530.00 (Seventeen million, three hundred and twenty three thousand, five hundred and thirty naira).
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 14: UNBUDGETED EXPENDITURE (=₦14,935,406.46)

Paragraph 2906(ii) of the Financial Regulations (FR) 2009 states "Pursuant to sub-section (i) above, all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. In other words, payments that are not provided for in the annual estimates shall not be accepted."

Audit observed that:

i. The Authority awarded a contract in 2019 for the Rehabilitation of a Hostel at Government Secondary School Ilorin at a contract sum of ₦14,935,406.46 (Fourteen million, nine hundred and thirty five thousand, four hundred and six naira, forty-six kobo), and
ii. There was no evidence to show the above expenditure was appropriated for.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Inability to fund critical sector of the budget.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the reason for the unbudgeted expenditure.
ii. Recover and remit to the Treasury, the sum of ₦14,935,406.46 (Fourteen million, nine hundred and thirty five thousand, four hundred and six naira, forty six kobo) expended on contracts not budgeted for.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 15: PROCUREMENT AND INSTALLATION OF ICT FACILITIES WITHOUT APPROVAL (=₦42,617,476.00)

Paragraph 4 of the Establishment Circular Ref. No. 59736/S.2/C.II/125 dated 31st August, 2018 states "For the avoidance of doubt, MDAs and other government establishments are to relate with and obtain prior approval from National Information Technology Development Agency (NITDA) for the implementation of Information Technology (IT) projects as well as the procurement of locally assembled IT components."

Audit observed that:

i. The Authority engaged two contractors for the procurement and installation of ICT facilities amounting to ₦42,617,476.00 (Forty two million, six hundred and seventeen thousand, four hundred and seventy six naira) without due approval from NITDA, and
ii. There were no documents provided to show justification for the procurement without obtaining the necessary approvals.

The above anomalies could be attributed to weaknesses in the internal control system at the Lower Niger River Basin Development Authority, Ilorin.

Risks

i. Award of contract to incompetent contractors.
ii. Loss of government funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for the procurement and installation of ICT projects without obtaining requisite approvals.
ii. Recover and remit to Treasury the sum of ₦42,617,476.00 (Forty two million, six hundred and seventeen thousand, four hundred and seventy six naira) paid for the procurement of ICT facilities without due approval.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations respectively, should apply.

VETERINARY COUNCIL OF NIGERIA, ABUJA

At the Veterinary Council of Nigeria, Abuja, for the period January to December 2020, the following observations were made:

ISSUE 1: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦1,465,300.00)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a

Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. A legal practitioner was engaged to represent the Council in several suits and was paid the sum of ₦1,465,300.00 (One million, four hundred and sixty five thousand, three hundred naira). In some instances, he was paid DTA and other benefits that only Civil/public servants are entitled to, and not a consultant like him who is entitled to reimbursable expenses subject to presentation of evidence of discharge. Furthermore, the letter of engagement was not produced for audit.
ii. This legal advocate/solicitor was neither approved for engagement by the Attorney-General of the Federation nor his fees determined by the same office as no evidence of such was produced despite repeated demands for them, and
iii. The Council did not follow due process in engaging the legal practitioner/firm which included but was not limited to inviting two or more others to bid for the job prior to award to the most responsive bidder.

The above anomalies could be attributed to weaknesses in the internal control system at the Veterinary Council of Nigeria, Abuja.

Risks

i. Engagement of inexperienced/unqualified solicitors.
ii. Loss of government funds.

Management's Response

No response.

Recommendations

The Registrar should be requested to:

i. Justify the engagement of external solicitors without the approval of the Honorable Attorney General of the Federation.
ii. Recover and remit, the sum of ₦1,465,300.00 (One million, four hundred and sixty five thousand, three hundred Naira) to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

ISSUE 2: EXTRA-BUDGETARY HONORARIUM TO BOARD MEMBERS (=₦3,996,585.00)

Paragraph 419 of the Financial Regulations (FR) 2009, states “Officers controlling votes and officers acting under their instructions shall arrange, so far as it is practicable, to spread expenditure evenly over the year. Officers controlling votes are solely liable for unauthorised expenditure in excess of the sum allocated.” Furthermore, paragraph 417 of the FR states “Expenditure shall strictly be classified in accordance with the Estimates, and votes musts be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed.” Also, paragraph 2 of the Establishment Circular with Ref. No.

SWC/S/04/S.310/T/65 dated 8th April, 2016 states "It should be noted that Chief Executive Officers and other Public Servants on monthly salary who are board members in their own establishments are not entitled to sitting allowance. It should also be noted that a sitting may comprise more than one meeting." Furthermore, paragraph 2 of the Establishment Circular Ref. No SWC/S/04/S.310/T/65 dated 8th April 2016 provides that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year.

Audit observed that:

i. The Council paid honorarium amounting to ₦5,357,720.00 (Five million, three hundred and fifty seven thousand, seven hundred and twenty naira) to Board Members while the Council's approved budget for the same expenditure was ₦1,361,135.00 (One million, three hundred and sixty one thousand, one hundred and thirty five naira), and
ii. The payment in (i) above led to over budgetary expenditure of ₦3,996,585.00 (Three million, nine hundred and ninety six thousand, five hundred and eighty five naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Veterinary Council of Nigeria, Abuja.

Risks

i. Payment of unapproved expenditure.
ii. Loss of government funds.

Management's Response

No response.

Recommendations

The Registrar should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the extra-budgetary expenditure on honourariumto Board Members.
ii. Recover and remit to Treasury, the sum of ₦3,996,585.00 (Three million, nine hundred and ninety six thousand, five hundred and eighty five naira) being extra-budgetary expenditure.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 3: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS FOR 2020 FINANCIAL YEAR

Paragraph 3210(v) of the Financial Regulations (FR) 2009, states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant-General not later than 31st May of the following year of account."

In spite of the extant regulations:

i. The Veterinary Council of Nigeria did not submit its Audited Financial Statements and Management Report for the 2020 financial year for vetting and Auditor-General's comments as required by extant regulations, and
ii. No reason was provided to justify the non-submission of audited financial statements for the 2020 financial year.

The above anomalies could be attributed to weaknesses in the internal control system at the Veterinary Council of Nigeria, Abuja.

Risks

i. Impedimemnts to Legislative oversights.
ii. Sub optimal decisions by those charged with governance.

Management's Response

No response.

Recommendations

The Registrar should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for non-submission of the 2020 audited financial statements.
ii. Submit seven (7) copies each of the Agency's Audited Accounts with Management Reports for the year 2020 for vetting, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (FR) 2009, should apply.

ISSUE 4: EXTRA-BUDGETARY EXPENDITURE (=₦2,054,438.69)

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of the Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 301 of the FR 2009, states "any officer controlling a vote or part thereof, who incurs expenditure without authority does so on his sole responsibility and will consequently be held pecuniary responsible for his action."

Audit observed that:

i. The Council paid the sum of ₦3,198,516.69 for advertisement and publicity, water bill and media related activities instead of the sum of ₦1,144,078.00 approved for it in the 2020 Appropriation Act.
ii. This led to extra-budgetary expenditure amounting to ₦2,054,438.69 (Two million, fifty four thousand, four hundred and thirty eight naira, sixty nine kobo) as shown in the Table below.

S/N	Description	Voucher No. and Date	Budgeted Amount (₦)	Actual Amount (₦)	Difference (₦)
1	Advertisement and Publicity	137/2020 (13/11/2020) and 049/2020 (23/12/2020)	267,968.00	519,556.25	251,588.25
2	Water Bill	052/2020 (23/12/2020)	876,110.00	1,505,000.10	628,890.10
3	Media		0	1,173,960.34	1,173,960.34
	Total		**1,144,078.00**	**3,198,516.69**	**2,054,438.69**

iii. The sum of ₦1,173,960.34 was paid for media related activities from the IGR without budgetary provision, and
iv. Evidence of approvals by the National Assembly and the Minister of Finance for the extra-budgetary expenditure was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Veterinary Council of Nigeria, Abuja.

Risks
i. Diversion of public funds.
ii. Loss of public funds.

Management's Response
No response.

Recommendations
The Registrar should be requested to:
i. Furnish reasons to the Public Accounts Committees of the National Assembly for the extra-budgetary expenditure.
ii. Provide the approval of the National Assembly and Minister of Finance for the sum of ₦2,054,438.69 (Two million, fifty four thousand, four hundred and thirty eight naira, sixty nine kobo) being extra-budgetary expenditures, and
iii. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, should apply.

ISSUE 5: OVERPAYMENT TO SERVICE PROVIDERS (=₦1,638,003.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states “On no account should payment be made for services not yet performed or for goods not yet supplied.” Furthermore, paragraph 603(i) of the FR 2009, states “All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c.” Also, paragraph 75.1(vi) of the Procurement Procedures Manual states “A Repeat procurement of goods, works or services which has recently been competitively tendered and satisfactorily executed/received or still work in progress and for which the supplier or contractor is willing to

maintain his tender prices/rates. Repeat procurement can be applied only within a period not exceeding two years from the date of original tender."

Audit observed that:

i. Two companies were engaged to provide Cleaning and Fumigation, and Security Services through contract agreements dated 1st July 2013 and 1st March 2016 at annual contract prices of ₦4,763,970.00 and ₦6,600,000.00 respectively, totaling ₦11,363,970.00.

ii. The two contractors were paid the sum of ₦13,001,973.00 as against ₦11,363,970.00 stated in the Agreements resulting in an overpayment of ₦1,638,003.00 to the two consultants as shown in the Table below, and

S/N	Description	Contract Agreement Amount (₦)	Actual Amount paid (₦)	Overpaid Amount (₦)
1	Cleaning and Fumigation	4,763,970.00	5,501,973.00	738,003.00
2	Security Services	6,600,000.00	7,500,000.00	900,000.00
	Total	**11,363,970.00**	**13,001,973.00**	**1,638,003.00**

iii. The duration of each contract was not clearly stated and there was no evidence of yearly renewal of the contracts seen in the contract files.

The above anomalies could be attributed to weaknesses in the internal control system at the Veterinary Council of Nigeria, Abuja.

Risks

i. Loss of government funds
ii. Violation of extant regulations.

Management's Response

No response.

Recommendations

The Registrar should be requested to:

i. Provide an explanation to the Public Accounts Committees of the National Assembly for the overpayments of ₦1,638,003.00 (One million, six hundred and thirty eight thousand, three naira) to the contractors.
ii. Recover and remit to the Treasury, the sum of ₦1,638,003.00 that was overpaid to the two contractors.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

ISSUE 6: AWARD OF CONTRACT WITHOUT DUE DILIGENCE REPORT (=₦13,906,434.45)

Paragraph 8(c) of the Bureau of Public Procurement (BPP) "Certificate of No Objection" Reference Number BPP/S.1/SP/20/Vol.IV/495, dated 26th October, 2020, requires the Council to make available a Due Diligence Report on two projects before award. Also, paragraph 113 of the Financial Regulations (FR) 2009, states "In compliance with their special role under the Public Procurement Act, all accounting officers of ministries, extra – ministerial offices and other arms of government are hereby charged with the following responsibilities. They shall: …(i) ensure compliance with the provisions of the Public Procurement Act by their organizations, failing which they shall be personally liable for any breach or contravention thereof, whether or not such breach of contravention was caused by them in person, their subordinates or any person to whom they may have delegated their responsibilities."

Audit observed that:

i. Two (2) contractors were awarded contracts to supply and furnish two (2) conference halls and establishment of e-Library at contract prices of ₦6,906,434.45 and ₦7,000,000.00 respectively totalling ₦13,906,434.45, and
ii. The Council awarded the contracts without due diligence reports, in violation of BPP's "No Objection Certificate" Reference Number BPP/S.1/SP/20/Vol.IV/495, Paragraph 8(c) dated 26th October, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Veterinary Council of Nigeria, Abuja.

Risks

i. Award of contracts to incompetent contractors.
ii. Loss of government fund.

Management's Response

No response.

Recommendations

The Registrar should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for not adhering to the instruction of the Bureau of Public Procurement conveyed in the Certificate of No Objection with Reference Number BPP/S.1/SP/20/Vol.IV/495, Paragraph 8(c), dated 26th October, 2020, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, should apply.

ISSUE 7: EXTRA-BUDGETARY EXPENDITURE ON THE CONSTRUCTION OF VETERINARY SPECIALIST HOSPITAL (=₦11,842,216.48)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph

417 of the Financial Regulations (FR) 2009 states “Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed.”Furthermore, paragraph 301 of the FR 2009, states “any officer controlling a vote or part thereof, who incurs expenditure without authority does so on his sole responsibility and will consequently be held pecuniary responsible for his action.”

Audit observed that:

i. The sum of ₦7,928,087.00 was provided for the construction of a 6-storey Veterinary Specialist Hospital in the Council’s 2020 Appropriation Act.
ii. The sum of ₦19,770,303.48 was however, approved and paid resulting in the extra-budgetary expenditure of ₦11,842,216.48 (Eleven million, eight hundred and forty two thousand two hundred and sixteen naira, forty eight kobo), and
iii. The evidence of approval from the National Assembly and the Minister of Finance to support the extra-budgetary expenditure was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Veterinary Council of Nigeria, Abuja.

Risks

i. Loss of public funds.
ii. Unauthorized use of funds.

Management's Response

No response.

Recommendations

The Registrar should be requested to:

i. Furnish reasons why approved budgets were exceeded.
ii. Provide the approval of the National Assembly and Minister of Finance for the sum of ₦11,842,216.48 (Eleven million, eight hundred and forty two thousand, two hundred and sixteen naira, forty eight kobo) being extra-budgetary expenditure, and
iii. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

SECTION 2

EDUCATION RESEARCH INSTITUTES AUDIT DEPARTMENT

NATIONAL CENTRE FOR ENERGY EFFICIENCY AND CONSERVATION, LAGOS

At the National Centre for Energy Efficiency and Conservation, Lagos the following observations were made:

ISSUE 1: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦10,371,625.00)

Section 24(1) of the Public Procurement Act, 2007 states "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be by way of open competitive bidding." Also, paragraph 2907 (i) of the Financial Regulations (FR) 2009, states "In order to ensure transparency and accountability, achievement of value for money, economy and efficiency, and equity and fairness, all procurements falling within the bureau's thresholds shall be by way of open competitive bidding.''

Audit observed that:

i. The Centre awarded a contract in 2018 for the supply of five-seater IVM pickup truck with chassis No FKZSR31B2ET110142 and Engine No GA491QEB-1211078, at a contract sum of ₦10,371,625.00 (Ten million, three hundred and seventy one thousand, six hundred and twenty five naira).
ii. Relevant procurement documents such as the Centre's NEEDS assessment leading to the award, newspaper advertisements, bidding process, contract agreement, bidders' quotations and Minutes of Tender Board's Meetings were not presented for audit, and
iii. The vehicles were delivered on 4th February 2018 as revealed in both the invoice and delivery note. The contract was however, awarded on the 19th March 2018, implying that the vehicle was delivered forty three (43) days before the award.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Energy Efficiency and Conservation, Lagos.

Risks

i. Loss of government fund.
ii. Waste of government resources.
iii. Diversion of public funds.

Management's Response

No response from management.

Recommendations

The Director should be requested to:

i. Justify the payment of ₦10,371,625.00 (Ten million three hundred and seventy one thousand six hundred and twenty five naira) for a contract awarded without due process.
ii. Recover the sum of ₦10,371,625.00 (Ten million three hundred and seventy one thousand six hundred and twenty five naira) and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular award of contract and failure to spend public funds effectively prescribed in paragraphs 3117 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 2: OVERPAYMENT FOR CONTRACT (=₦7,225,673.49)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Similarly, paragraph 415 of Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Centre awarded a contract for the construction of the Centre's office building at UNILAG at a contract sum of ₦196,426,962.06 (One hundred and ninety-six million, four hundred and twenty six thousand nine hundred and sixty two naira, six kobo).
ii. The sum of ₦203,652,635.55 (Two hundred and three million, six hundred and fifty two thousand, six hundred- and thirty-five-naira, fifty-five kobo) was however, paid to the contractor, resulting in an overpayment of ₦7,225,673.49 (Seven million, two hundred and twenty-five thousand, six hundred and seventy-three naira, forty-nine kobo), and
iii. Audit was not provided with justifiable reasons for the payment of the excess sum of ₦7,225,673.49 to the contractor.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Energy Efficiency and Conservation, Lagos.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

No response from management.

Recommendations

The Director should be requested to:

i. Justify the overpayment of the sum of ₦7,225,673.49 (Seven million, two hundred and twenty five thousand, six hundred and seventy three naira, forty nine kobo)
ii. Recover the sum of ₦7,225,673.49 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 3: IRREGULAR PAYMENT FOR INTERNATIONAL TRAVEL (=₦1,920,600.00)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…".

Audit observed that:

i. The sum of ₦1,920,600.00 (One million, nine hundred and twenty thousand, six hundred naira) was paid to staff of the Centre as overseas duty tour allowance, and
ii. Evidence of approval from the Office of the Head of Civil Service of the Federation or Office of the Secretary to the Government of the Federation, as the case may be, was neither attached to the payment voucher nor presented to audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Energy Efficiency and Conservation, Lagos.

Risks

i. Waste of government funds.
ii. Misappropriation of government funds.

Management's Response

No response.

Recommendations

The Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregular payment for overseas travel without approval from the Head of Civil Service of the Federation or the Secretary to the Government of the Federation.
ii. Recover the sum of ₦1,920,600.00 (One million nine hundred and twenty thousand six hundred naira) paid on foreign trips without due approval and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 4: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦10,371,625.00)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all paid vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger

quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O."

Audit observed that:

i. The Centre paid the sum of ₦10,371,625.00 (Ten million, three hundred and seventy one thousand, six hundred and twenty-five naira) on the procurement of motor vehicle that was not taken on ledger charge, in contravention of the provision of the above extant regulations, and
ii. There was no justification for the contravention of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Energy Efficiency and Conservation, Lagos.

Risks

i. Diversion of government property.
ii. Loss of government property.

Management's Response

No response.

Recommendations

The Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reasons for not taking store items on ledger charge.
ii. Recover the sum of ₦10,371,625.00 (Ten million, three hundred and seventy one thousand, six hundred and twenty five naira) paid for the purchase of vehicle that was not taken on ledger charge and remit same to Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

NATIONAL CENTRE FOR ENERGY RESEARCH AND DEVELOPMENT, NSUKKA

At the National Centre for Energy Research and Development, Nsukka, the following observations were made:

ISSUE 1: EXTRA-BUDGETARY EXPENDITURE (=₦566,646,530.20)

Paragraph 2906(ii) of the Financial Regulations (FR) 2009, states "…all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. In other words, payments that are not provided for in the annual estimates shall not be accepted." Furthermore, paragraph 417 of the FR 2009 states "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Also,

paragraph 419 of the FR 2009 states “Officers controlling votes and officers acting under their instructions shall arrange, so far as it is practicable, to spread expenditure evenly over the year. Officers controlling votes are solely liable for unauthorised expenditure in excess of the sum allocated.”

Audit observed that:

i. The Centre incurred extra-budgetary expenditure from its Capital Expenditure Account amounting to ₦434,364,494.20 (Four hundred and thirty four million, three hundred and sixty four thousand four hundred and ninety four naira twenty kobo) in 2019 financial year.
ii. The Centre incurred extra-budgetary expenditure from its Capital Expenditure Account amounting to ₦132,282,036.00 (One hundred and thirty two million two hundred and eighty two thousand thirty six naira) in 2020 financial year.
iii. The total extra-budgetary expenditures amounted to ₦566,646,530.20 (Five hundred and sixty-six million, six hundred and forty-six thousand, five hundred and thirty naira, twenty kobo) incurred by the Centre for the 2019 and 2020 financial years, and
iv. No evidence was provided to show authorisation of the National Assembly for the extra-budgetary expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Energy Research and Development, Nsukka.

Risks

i. Diversion of public funds.
ii. Loss of Government Funds.

Management’s Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the extra-budgetary expenditures without authorisation.
ii. Recover the sum of ₦566,646,530.20 (Five hundred and sixty-six million, six hundred and forty-six thousand, five hundred and thirty naira, twenty kobo) and remit same to Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly.
iv. Otherwise, sanctions related to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 2: PAYMENT FOR DOUBTFUL SERVICES (=₦8,643,566.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states “All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances, and rates, as to enable them to be check without reference to any other documents will and variably be supported by relevant documents such as local purchase orders, invoice, special letter of

authority, time sheets etc." Furthermore, paragraph 708 of the FR 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The Centre engaged two consultants in December 2019 to provide training and skill acquisition services in Abia State for ₦8,643,566.00 (Eight million, six hundred and forty three thousand, five hundred and sixty six naira), and
ii. Relevant documents such as attendance register showing the list of participants, group photograph taken during the training and certificate of job completion were neither attached to the paid vouchers nor presented for audit as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Energy Research and Development, Nsukka.

Risks

i. Payment for jobs not executed.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, payment of ₦8,643,566.00 (Eight million, six hundred and forty three thousand five hundred and sixty six naira) for consultancy services without relevant supporting documents.
ii. Recover and remit the sum of ₦8,643,566.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed and irregular payment prescribed in paragraphs 3104(iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦110,689,077.82)

Paragraph 1705 of the Financial Regulations (FR) 2009 states "The Head of Internal Audit Unit in all ministries/extra-ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment. Checked and passed vouchers received in the Internal Audit Unit must be promptly dealt with and, under no circumstance, shall a voucher be held in that Unit for more than forty-eight (48) hours."

Audit observed that:

i. Nine (9) paid vouchers amounting to ₦110,689,077.82 (One hundred and ten million, six hundred and eighty nine thousand, seventy seven naira, eighty two kobo) were raised between February and August, 2019 but were not pre-audited before payments, and

ii. No justification was provided for not subjecting the paid vouchers to pre-payment audit as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Energy Research and Development, Nsukka.

Risks

i. Payments for jobs not executed.
ii. Payments for unappropriated expenses.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, for making payments without pre-payment audit.
ii. Account for the sum of ₦110,689,077.82 (One hundred and ten million, six hundred and eighty nine thousand, seventy seven naira, eighty two kobo) paid without pre-payment audit.
iii. Recover and remit the sum of ₦110,689,077.82 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
v. Otherwise, sanctions relating to payment for jobs not executed, irregular payment and failure to spend public funds effectively as prescribed in paragraphs 3104(iii), 3106 and 3115 of the Financial Regulations (FR) 2009, respectively, should apply.

NATIONAL OFFICE FOR TECHNOLOGY ACQUISITION AND PROMOTION

At the National Office for Technology Acquisition and Promotion, Abuja, the following observations were made:

ISSUE 1: PAYMENTS FOR FOREIGN TRAVELS WITHOUT APPROVAL (=₦27,114,664.10)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The National Office for Technology Acquisition and Promotion (NOTAP) paid a total of ₦27,114,664.10 (Twenty seven million, one hundred and fourteen thousand, six hundred and sixty four naira, ten kobo) to fourteen officers to attend various courses and seminars both within and outside Africa between March and December, 2019, and
ii. Approval of the Secretary to the Government of the Federation or the Head of the Civil Service of the Federation as required by extant regulations was neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Office for Technology Acquisition and Promotion, Abuja.

Risks

i. Loss of government funds.
ii. Payment for services not rendered.
iii. Diversion of public funds.

Management's Response

"The Auditor-General may wish to know that NOTAP always seek for the Honourable Minister's approval for every foreign trip as the supervising Ministry. The office does not have any circular at its disposal that mandates it to seek the approval from **ONLY** the Head of Civil Service of the Federation/Secretary to the Government of the Federation on Foreign trip. The office confirmed that all the beneficiaries had participated in the programmes."

Recommendations

The Director-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, for foreign travels without approvals as required by extant regulations.
ii. Recover and remit the sum of ₦27,114,664.10 (Twenty seven million, one hundred and fourteen thousand, six hundred and sixty-four naira, ten kobo) to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committee of National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively as specified in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 2: DIVERSION OF INTERNALLY GENERATED REVENUE TO STAFF WELFARE ACCOUNT (=₦85,251,778.50)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC ActCAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account

shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The Director General of the National Office for Technology Acquisition and Promotion (NOTAP) presented a proposal to the Council at its meeting from between 25th and 28th September, 2018 to approve that certain percentage from the Internally Generated Revenue (IGR) of the Office be channeled towards improvement and motivation of staff.
ii. The Council approved the proposal to allocate 10% of the IGR to service Staff Welfare Policy covering financial benefits for death, marriage, childbirth, retirement etc.
iii. The Council relied on the provisions of Section 12 (2)(b) of the NOTAP Act cap 268 of 1999 which states "The National Office shall establish and maintain a fund, the proceeds of which shall be applied for reimbursing members of the Council of any committee set up by the Council for such expenses as may be authorised by the Council and in accordance with the rates approved on that behalf by the President."
iv. The Council's approval took effect from 1st of January 2019 leading to opening of sub-account number 0020499461047 with the Central Bank of Nigeria for Staff Welfare Scheme.
v. The sum of ₦85,251,778.50 (Eighty five million, two hundred and fifty one thousand, seven hundred and seventy eight naira) being 10% of the IGR in 2019 and 2020 was transferred to the Welfare account, and
vi. Records relating to 2020 Welfare account were presented for examination which revealed that the sum of ₦17,525,552.50 (Seventeen million, five hundred and twenty five thousand, five hundred and fifty two naira, fifty kobo) was expended on wedding, childbirth, death, and retirement benefit in 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the National Office for Technology Acquisition and Promotion, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

The Office finds it inappropriate and wrong use of word (Diversion) and is detrimental to the image of the Office. Moreover, the cited circular is not in any sense relevant to the issue under review. Section 12 (sub-1 a-e) of NOTAP Act empowers NOTAP to make payments of incidental benefits including terminal (Retirement) benefits which the NOTAP Governing Council graciously approved (copy attached). We relied on this section and the approval of the Governing Council for our action. In addition to that, the Office also obtained approval of the National Salaries, Income & Wages Commission for the payment of Peculiar Allowance.

Recommendations

The Director-General should be requested to:

i. Recover and remit the sum of ₦85,251,778.50 (Eighty five million, two hundred and fifty one thousand, seven hundred and seventy eight naira, fifty kobo), transferred to the Staff Welfare sub-account from the IGR, to the Treasury.

ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 3: NON-DEDUCTION OF STATUTORY VALUE ADDED TAX (=₦12,445,495.35)

Paragraph 234 (i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same."

Audit observed that:
i. The National Office for Technology Acquisition and Promotion (NOTAP) failed to deduct statutory 5% Value Added Tax (VAT) amounting to ₦12,445,495.35 (Twelve million, four hundred and forty five thousand, four hundred and ninety five naira, thirty five kobo) from contracts awarded to twenty one (21) contractors in 2019 and 2020, and
ii. There was no documentary evidence to show that the items covered by the contracts were VAT exempted.

The above anomalies could be attributed to weaknesses in the internal control system at the National Office for Technology Acquisition and Promotion, Abuja.

Risks
i. Loss of government revenue.
ii. Diversion of public funds.
iii. Insufficient funds to finance budget.

Management's Response
"As you are aware Value Added Tax (VAT) is a consumption Tax to be borne by the recipient of service. As such NOTAP deducts Withholding Tax & Stamp Duty from the contract sum while the office bears the VAT component. The Office of the Auditor-General may wish to clarify further on the issue raised in its findings to guide the Office appropriately in the future dealings on such matters."

Recommendations
The Director General should be requested to:
i. Recover and remit the sum of ₦12,445,495.35 (Twelve million, four hundred and forty five thousand, four hundred and ninety five naira, thirty five kobo), being undeducted VAT, to the Federal Inland Revenue Service.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure collect government taxes and failure to collect and account for government revenue prescribed in paragraphs 234(ii) and 3112 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: IRREGULAR PAYMENTS OF LUNCH AND TRANSPORT ALLOWANCES (=₦9,130,763.00)

Paragraph 2 of the Establishment Circular Ref. No. OHCSF/SPSO/CSTD/11214/1/39 dated 6th February 2017 states "As part of the cost saving measures introduced by the Federal Government to reduce the cost of governance and make funds available for priority projects, the government has approved standard rates to be expended on meals and refreshments for meetings, seminars and conferences by Government establishments/offices henceforth."

Audit observed that:

i. The sum of ₦5,020,313.00 (Five million, twenty thousand, three hundred and thirteen naira) was paid from the Remita platform while ₦4,110,450.00 (Four million, one hundred and ten thousand, four hundred and fifty naira) was paid from the GIFMIS platform bringing the total payments to ₦9,130,763.00 (Nine million, one hundred and thirty thousand, seven hundred and sixty three naira) as lunch and transport allowances to staff.
ii. The above payments were made to staff for carrying out their routine work, and
iii. The allowances were not approved by the National Salaries, Income and Wages Commission and the Agency has no separate condition of service other than the Public Service.

The above anomalies could be attributed to weaknesses in the internal control system at the National Office for Technology Acquisition and Promotion, Abuja.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.
iii. Insufficient funds to finance budget.

Management's Response

The sum was paid to staff for working extra hours and on weekends. The Office has noted the payment of stipends as transport/lunch and will henceforth be treated as overtime to be duly signed by the relevant Director and approved by the Director General.

Recommendations

The Director General should be requested to:

i. Recover from the beneficiaries, the sum of ₦9,130,763.00 (Nine million, one hundred and thirty thousand, seven hundred and sixty three naira) being unapproved allowances paid to them.
ii. Remit the sum of ₦9,130,763.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively as prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 5: UNRETIRED IMPRESTS/CASH ADVANCES (=₦9,014,896.00)

Paragraph 1011 (i) of the Financial Regulations (FR) 2009 states "All standing imprests must be retired on or before the 31st December of the financial year in which they are issued while Special Imprests shall be retired immediately the reasons for which they were granted cease to exist. Retirement will be effected by the production of vouchers and/or cash for the full amount of the imprest." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Thirty eight (38) imprests/cash advances amounting to ₦9,014,896.00 (Nine million, fourteen thousand, eight hundred and ninety six naira) were granted to some officers in 2020 but were yet to be retired as at the time of audit in 2021, and
ii. There were no documents to show that the imprests/cash advances were retired.

The above anomalies could be attributed to weaknesses in the internal control system at the National Office for Technology Acquisition and Promotion, Abuja.

Risks

i. Payment for jobs not done.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response

"It is evident in compliance with the NCDC protocol and circular, staff on GL12 and below were asked to work from home. Consequently, the staff that man the other charges unit were not available during the audit visitation to provide copies of the retirements made by most of the staff listed as having unretired cash advances captured in the report. However, most of the advances were confirmed to have been retired."

Recommendations

The Director General should be requested to:

i. Account for the sum of ₦9,014,896.00 (Nine million, fourteen thousand, eight hundred and ninety six naira) being unretired imprests/cash advances.
ii. Recover the sum of ₦9,014,896.00 from the beneficiaries and remit same to Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions related to non-retirement of advance and imprest prescribed in paragraph 3124 of the Financial Regulations 2009, should apply.

ISSUE 6: USE OF PUBLIC FUNDS FOR PRIVATE FUNCTIONS (=₦2,150,920.00)

Paragraph 415 of the Financial Regulations (FR) 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The National Office for Technology Acquisition and Promotion (NOTAP) made payments amounting to ₦2,150,920.00 (Two million, one hundred and fifty thousand, nine hundred and twenty naira) for sponsorship of wedding anniversaries of non-staff of the NOTAP, and
ii. There was no evidence to justify the above payments.

The above anomalies could be attributed to weaknesses in the internal control system at the National Office for Technology Acquisition and Promotion, Abuja.

Risks

i. Waste of public funds.
ii. Diversion of public funds.

Management's Response

"The Office did not violate the referred circular; more so such expenses were incurred in public interest as part of the office social responsibility."

Recommendations

The Director-General should be requested to:

i. Provide justification for sponsorship of wedding anniversaries of non-staff of the National Office for Technology Acquisition and Promotion from the public funds.
ii. Recover the sum of ₦2,150,920.00 (Two million, one hundred and fifty thousand, nine hundred and twenty naira) and remit same to the Treasury.
iii. Forward evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 7: IRREGULAR PAYMENT OF SITTING ALLOWANCE & HONORARIUM TO STAFF (=₦2,147,600.00)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 415 of the Financial Regulations (FR) 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The National Office for Technology Acquisition and Promotion made four (4) payments totaling ₦537,600.00 (Five hundred and thirty-seven thousand, six hundred naira) as

sitting allowances to three officers in addition to their monthly salaries for carrying out their routine official duties.

ii. The sum of ₦1,610,000.00 (One million, six hundred and ten thousand naira) was also paid as honorarium to Members of the Editorial Board in respect of submission of printed copies of volume 6 of the Office's Newsletter, and

iii. The irregular payments arising from (i) and (ii) above, amounted to ₦2,147,600.00 (Two million, one hundred and forty-seven thousand, six hundred naira).

The above anomalies could be attributed to weaknesses in the internal control system at the National Office for Technology Acquisition and Promotion, Abuja.

Risks

i. Waste of government funds.
ii. Diversion of public funds.

Management's Response

"The Office has noted the recommendation and will comply strictly with the extant circulars."

Recommendations

The Director-General should be requested to:

i. Provide justification for the irregular payment of sitting allowances and honorarium.
ii. Recover from the beneficiaries and remit the sum of ₦2,147,600.00 (Two million, one hundred and forty seven thousand, six hundred naira) irregularly paid as sitting allowance and honorarium to the Treasury.
iii. Forward evidence of payment to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009, respectively, should apply.

ISSUE 8: IRREGULAR PAYMENT OF FINANCIAL SUPPORT TO SUPERVISING MINISTRY (=₦1,000,000.00)

Paragraph 2 of the Establishment Circular Reference No. SGF.6/VIII dated 8th May 2008 states "…the practice of Ministers and Ministries accepting or requesting for funds and financial support of any form, including loans and purchase of vehicles from the Parastatals under their supervision should be stopped henceforth. Chief Executives of Parastatals will be held accountable for such lapses including the provision of facilities and vehicles to Ministers and Ministries." Also, paragraph 415 of the Financial Regulations (FR) 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The National Office for Technology Acquisition and Promotion (NOTAP) paid the sum of ₦1,000,000.00 (One million naira) from its Internally Generated Revenue for 2019 as financial assistance to the Federal Ministry of Science and Technology on the 28th December, 2019, and

ii. There was no document to show granting of waiver to NOTAP to support the above payments to the supervising Ministry.

The above anomalies could be attributed to weaknesses in the internal control system at the National Office for Technology Acquisition and Promotion, Abuja.

Risks

i. Waste of public funds.
ii. Diversion of government fund.

Management's Response

"There was a Ministerial directive where all the agencies were to contribute for a special procurement retreat. The fund was NOTAP's contribution towards the hosting of the procurement retreat organized by the Federal Ministry of Science and Technology."

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for the payment of ₦1,000,000.00 to the Federal Ministry of Science and Technology.
ii. Recover the sum of ₦1,000,000.00 (One million naira) and remit same to the Treasury.
iii. Forward evidence of remittance to Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009, respectively, should apply.

SECTION 3

EXTRA-MINISTERIAL AUDIT DEPARTMENT

NATIONAL ATOMIC ENERGY COMMISSION, ABUJA

At the National Atomic Energy Commission, Abuja, the following observations were made:

ISSUE 1: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦18,805,187.87)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observed that:

i. Seven (7) payments totaling ₦18,805,187.87 (Eighteen million, eight hundred and five thousand, one hundred and eighty seven naira, eighty seven kobo) were made by the Commission between March and December, 2020 for various constructions and maintenance services, and
ii. Relevant supporting documents such as Certificate of Job Completion, evidence of previous payments on the construction etc., were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Atomic Energy Commission.

Risks

i. Loss of government funds.
ii. Diversion of government funds.

Management's Response

"The affected vouchers are in respect of the on-going construction projects since 2012 at the research centres of the commission. The relevant supporting documents to the vouchers are as contained in the individual contract file to the projects."

Recommendations

The Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦18,805,187.87 (Eighteen million, eight hundred and five thousand, one hundred and eighty seven naira, eighty seven kobo) paid without attaching relevant supporting documents to the paid vouchers.
ii. Recover the sum of ₦18,805,187.87 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 2: STORE ITEMS NOT TAKEN ON STORE CHARGE (=₦15,416,610.29)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of these regulations, the storekeeper must certify that the stores have been received and taken on charge in the Stores Ledger quoting the stores receipt voucher number and attaching the Original copy of the Store Receipt Voucher and the original L.P.O."

Audit observed that:

i. The Commission expended the sum of ₦15,416,610.29 (Fifteen million, four hundred and sixteen thousand, six hundred and ten naira, twenty nine kobo) on the purchase of various store items vide eighteen (18) paid vouchers, and
ii. The items purchased were not taken on ledger charge as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Atomic Energy Commission.

Risks

i. Payment for items not supplied.
ii. Diversion of public funds.

Management's Response

"The affected paid vouchers are in respect of procurement of office equipment and other items procured at the head office on behalf of the various centres under the commission. The actual delivery of the office equipment or other items were done and received at the store of the respective centres, and charged according as confirmed during the Team's visit to the centres."

Recommendations

The Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦15,416,610.29 (Fifteen million, four Hundred and sixteen thousand, six hundred and ten naira, twenty nine kobo) for items purchased but not taken on store ledger charge.
ii. Recover and remit the sum of ₦15,416,610.29 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009 should apply.

ISSUE 3: ILLEGAL POSSESSION OF GOVERNMENT VEHICLE

Paragraph 160202 of the Public Service Rule (PSR) 2008 states "…No part time Member of the Board shall be allowed to retain official vehicle for use on a permanent basis." Also, paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made

to submit all Government properties in their custody before their final disengagement from Service…"

Audit observed that:

i. A black Toyota Camry with Registration Number FG 724 B02, traced to the Commission's assets register was not sighted during physical inspection.
ii. A former Chairman of the Commission took away the vehicle in (i) above at the time of exiting the Service.
iii. There was no evidence that the vehicle was boarded to the former Chairman, and
iv. Procurement records of the vehicle such as the cost of purchase, the year of purchase, chassis number of the vehicle, and the carrying amount were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Atomic Energy Commission.

Risks

i. Loss of government Assets.
ii. Waste of government resources.
iii. Conversion of government property.

Management's Response

"The asset in question is the vehicle (Toyota Camry-Black) with registration number FG 724 BO2 procured since 2011. The vehicle is one of the vehicles in the Commission that are currently undergoing boarding process through the supervision of the officers of the ministry of works."

Recommendations

The Chairman should be requested to:

i. Provide evidence of boarding the vehicle to the former Chairman to the Public Accounts Committees of the National Assembly.
ii. Recover the vehicle from the former Chairman.
iii. Provide evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations 2009 should apply.

NATIONAL EMERGENCY MANAGEMENT AGENCY (NEMA), ABUJA

At the National Emergency Management Agency, Abuja, the following observations were made:

ISSUE 1: PAYMENT OF DEPOSIT FOR THE PROCUREMENT OF NEW AIRCRAFT WITHOUT EVIDENCE OF SUPPLY (=₦1,054,222,576.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph

415 of the FR 2009 states “The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.”

Audit observed that:

i. TheNational Emergency Management Agency (NEMA) made a deposit of ₦1,054,222,576.00 (One billion, fifty four million, two hundred and twenty two thousand, five hundred and seventy six naira) to an Israeli based company for the procurement of new aircraft in 2010.
ii. The aircraft was yet to be delivered as at the time of audit in March, 2020, and
iii. No evidence of refund by the contractor was produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Emergency Management Agency.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management’s Response

“The matter is in court for the recovery of the amount deposited and judgement had been delivered in favour of NEMA.”

Recommendations

The Director-General should be requested to:

i. Recover and remit to the Treasury, the sum of ₦1,054,222,576.00 (One billion, fifty four million, two hundred and twenty two thousand, five hundred and seventy six naira) paid for goods not supplied.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively and payment for jobs not executed prescribed in paragraphs 3106, 3115 and 3104 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: NON-DEDUCTION OF STATUTORY TAXES (=₦19,193,452.82)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states “It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same.”

Audit observed that:

i. Value Added Tax (VAT) and Withholding Taxes (WHT) amounting to ₦19,193,452.82 (Nineteen million, one hundred and ninety three thousand, four hundred and fifty two naira, eighty two kobo) were not deducted from payments made in respect of supplies of emergency relief materials and other related services rendered to the Agency, and

ii. WHT and VAT ought to have been deducted from the contractor's invoice in accordance with NEMA policy since they were added to the contractor(s) invoice(s).

The above anomalies could be attributed to weaknesses in the internal control system at the National Emergency Management Agency.

Risks

i. Loss of revenue to government.
ii. Inability of government to fund budget.

Management's Response

"Audit observation is noted and those payments without deduction of taxes would be looked into."

Recommendations

Director-General should be requested to:

i. Recover and remit to the Federal Inland Revenue Service, the sum of ₦19,193,452.82 (Nineteen million, one hundred and ninety three thousand, four hundred, fifty two naira, eighty two kobo), being VAT and WHT added to the contractor(s) invoice(s).
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 3: UNRETIRED NON-PERSONAL ADVANCES (=₦147,380,286.37)

Paragraph 1416 of the Financial Regulations (FR) 2009 states "The outstanding balance of any advance shall be recovered in full from the last payment of salary and/or retirement gratuity of an officer who leaves the service on retirement, resignation, termination of appointment or dismissal." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 112(i) of the FR 2009 states "The functions of the Accounting Officer shall include:… (f) ensuring accurate collection and accounting for all public moneys received and expended;…"

Audit observed that:

i. The sum of ₦560,235,145.50 (Five hundred and sixty million, two hundred and thirty five thousand, one hundred and forty five naira, fifty kobo) was granted to officers of the Agency as non-personal advances in 2018.
ii. The sum of ₦460,829,235.00 (Four hundred and sixty million, eight hundred and twenty nine thousand, two hundred and thirty five naira) was retired, leaving the sum of ₦99,405,910.40 (Ninety nine million, four hundred and five thousand, nine hundred and ten naira, forty kobo) unretired.
iii. Another sum of ₦715,316,976.10 (Seven hundred and fifteen million, three hundred and sixteen thousand, nine hundred and seventy six naira, ten kobo) was granted to officers of the Agency as non-personal advances in 2019.

iv. The sum of ₦667,342,600.23 (Six hundred and sixty seven million, three hundred and forty two thousand, six hundred naira, twenty three kobo) was retired, leaving the sum of ₦47,974,375.87 (Forty seven million, nine hundred and seventy-four thousand, three hundred and seventy five naira, eighty seven kobo) unretired, and
v. The total unretired non-personal advances for 2018 and 2019 amounted to ₦147,380,286.37 (One hundred and forty seven million, three hundred and eighty thousand, two hundred and eighty six naira, thirty seven kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the National Emergency Management Agency.

Risks

i. Loss of government funds.
ii. Diversion of public funds

Management's Response

"Audit observation is noted. Efforts are being made to ensure the retirement of all the outstanding/unretired advances."

Recommendations

The Director-General should be requested to:

i. Recover the sum of ₦147,380,286.37 (One hundred and forty seven million, three hundred and eighty thousand, two hundred and eighty-six naira, thirty seven kobo) from the beneficiaries and remit to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to non-recovery of advance and non-retirement of imprest and advances specified in paragraphs 3118 and 3124 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: FAILURE TO DISTRIBUTE FOOD ITEMS BEFORE EXPIRATION (=₦746,785,568.70)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Chinese government donated one hundred and thirty five thousand (135,000) bags of 50kg rice as intervention support for the IDPs in the North East which were kept in the Agency's warehouse since October, 2017.
ii. Twenty six thousand, one hundred and six (26,106) bags of 50kg rice valued at ₦673,076,527.50 (Six hundred and seventy three million, seventy six thousand, five hundred and twenty seven naira, fifty kobo) left in the warehouse at the time of audit in April, 2020, had expired.

iii. The contract for the supply of one hundred and sixty thousand (160,000) bags of 50 kg of rice was awarded at a cost of ₦2,400,000,000.00 (Two billion, four hundred million naira) in 2018.
iv. Some bags of 25kg rice valued at ₦73,709,041.20 (Seventy-three million, seven hundred and nine thousand, forty-one naira twenty kobo) left in the warehouse at the time of audit in April, 2020, had also expired, and
v. These bags of rice were destroyed by pests and rodents as a result of failure of the Agency to distribute them to the intended beneficiaries (the IDPs).

The above anomalies could be attributed to weaknesses in the internal control system at the National Emergency Management Agency.

Risks
i. Waste of government resources.
ii. Loss of public funds.

Management Response
"Audit observation is noted and action is already on as recommended by the constituted committee."

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly his failure to distribute both the donated and procured food items before their expiration.
ii. Refund the sum of ₦746,785,568.70 (Seven hundred and forty six million, seven hundred and eighty five thousand, five hundred and sixty eight naira, seventy kobo), being value of the expired food items to the Treasury.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to negligence and gross misconduct specified in paragraphs 3118 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: FAILURE TO DISTRIBUTE FOOD ITEMS AND OTHER RELIEF MATERIALS BEFORE EXPIRATION (=₦113,676,385.25)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. Food items and other relief materials such as toiletries, mosquito nets, bags of cements, etc. valued at ₦113,676,385.25 (One hundred and thirteen million, six hundred and seventy six thousand, three hundred and eighty five naira, twenty five kobo) were found to have either expired or damaged.
ii. These expired/damaged items had outlived their useful lives and were no longer good for human consumption haven been procured for more than three years before the time of the audit visit in 2020, and

iii. These items occupied so much space in the store and they were likely to infect other items in the store.

The above anomalies could be attributed to weaknesses in the internal control system at the National Emergency Management Agency.

Risks

i. Waste of government resources.
ii. Loss of public funds.

Management Response

"Audit observation is noted and a committee has been constituted to look into the issue."

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly his failure to distribute food items and other relief materials before their expiration.
ii. Refund the sum of ₦113,676,385.25 (One hundred and thirteen million, six hundred and seventy six thousand, three hundred and eighty five naira, twenty five kobo) to the Treasury being value of the expired and damaged food items/relief materials.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to negligence and gross misconduct specified in paragraphs 3118 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 6: NON-RECOVERY OF GOVERNMENT ASSETS HELD BY A DISENGAGED CONSULTANT (=₦96,467,673.76)

Paragraph 112 (i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;…" Also, paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 "…all MDAs should maintain up to date Asset Registers for all moveable and immoveable government assets either bought directly, received from Donor Agencies or procured by third parties such as contractors implementing projects on behalf of Government." Also, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦96,467,673.76 (Ninety six million, four hundred and sixty seven thousand, six hundred and seventy three naira, seventy six kobo) was paid to a consultant between 2014 and 2017 to acquire some assets for the construction of the National Emergency Management Agency's zonal offices in Enugu, Lagos and Kaduna.
ii. The assets in (i) above included:
    a. Three project vehicles valued at ₦30,000,000.00
    b. Two Demountable partitions for Enugu and Lagos project sites.
    c. One Diperk 250 KVA Generator for Enugu Project site.

d. One Diperk 200 KVA Generator for Lagos Project site.
e. One Diperk 250 KVA Generator for Kaduna Project site.

iii. There was no evidence that the items in (ii) above were procured neither were there records to show that they were handed over to the Agency since the termination of the contract in October, 2019, and
iv. On enquiry, the Zonal Co-ordinators in the three States claimed not to be aware of the above listed assets, as they never saw them on site.

The above anomalies could be attributed to weaknesses in the internal control system at the National Emergency Management Agency.

Risks
i. Loss of public funds.
ii. Diversion of public funds.

Management's Response
"Audit observation is noted and a committee has been constituted to look into the issue."

Recommendations
The Director-General should be requested to:
i. Account for the sum of ₦96,467,673.76 (Ninety six million, four hundred and sixty seven thousand, six hundred and seventy three naira, seventy six kobo) being the value of the items not recovered from the Consultant.
ii. Recover from the Consultant and remit to the Treasury, the sum of ₦96,467,673.76.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect assets paid for as prescribed in paragraph 3109 of the Financial Regulations 2009 should apply.

ISSUE 7: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦79,907,060.00)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in cash books /accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a cheque be raised, or cash paid for service which a voucher has not been raised." Furthermore, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. Thirteen (13) paid vouchers amounting to ₦79,906,260.00 (Seventy nine million, nine hundred and six thousand, two hundred and sixty naira), used to effect payment in 2018 were not presented for audit, and
ii. There was no evidence to establish the purpose of the payments.

The above anomalies could be attributed to weaknesses in the internal control system at the National Emergency Management Agency.

Risks

i. Payments for unapproved expenditure.
ii. Possible diversion of funds.

Management's Response

"The officer in charge of and with those documents was away on an official assignment. All documents will be made available on request."

Recommendations

The Director General should be requested to:

i. Account for the sum of ₦79,906,260.00 (Seventy-nine million, nine hundred and six thousand, two hundred and sixty naira) for the unpresented paid vouchers.
ii. Recover the sum of ₦79,906,260.00 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

NEWS AGENCY OF NIGERIA (NAN)

At the News Agency of Nigeria, the following observations were made for the period January 2019 to December 2020:

ISSUE 1: UNDER REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CONSOLIDATED REVENUE FUND (=₦38,686,348.43)

Paragraph 236 of the Financial Regulations (FR) 2009 states "Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to the CRF before the 15th of the Month following the month of collection of the Revenue". Also, paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:

i. The Agency realized a total of ₦216,553,924.38 (Two hundred and sixteen million, five hundred and fifty three thousand, nine hundred and twenty four naira thirty eight kobo) as internally generated revenue for the years 2019 and 2020.
ii. Out of the above amount the sum of ₦54,138,481.10 (Fifty four million, one hundred and thirty eight thousand, four hundred and eighty one naira, ten kobo) was expected to be

remitted into the Consolidated Revenue Fund of the Federal Government, being 25% of the amount generated as internal revenue, and

iii. The Agency however, remitted the sum of ₦15,452,132.67 (Fifteen million, four hundred and fifty two thousand, one hundred and thirty two naira, sixty seven kobo), leaving an unremitted balance of ₦38,686,348.43 (Thirty eight million, six hundred and eighty six thousand, three hundred and forty eight naira, forty three kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the News Agency of Nigeria.

Risks

i. Loss of Government fund.
ii. Diversion of Government fund.
iii. Inability of government to fund budget.

Management's Response

No response from the management of the Agency.

Recommendations

The Managing Director should be requested to:

i. Remit the sum of ₦38,686,348.43 (Thirty eight million, six hundred and eighty six thousand, three hundred forty eighty naira, forty three kobo) plus all accrued interests to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 2: IRREGULAR PURCHASE OF FOREIGN CURRENCY FROM THE PARALLEL MARKET (=US$18,000.00)

Paragraph 2914 of the Financial Regulations (FR) 2009 states"All monetary values in procurement bids shall be stipulated in Naira and Kobo. Where they areexpressed in foreign currency they shall be converted at the prevailing exchange rates to local currency." Furthermore, paragraph 2915(i) of the FR 2009, states "Accounting Officers shall consult with the Federal Ministry of Finance in the early stages inthe negotiation of a contract under any following situations:(a) where the price or consideration is to be denominated in a currencyother than Naira;(b) where a foreign currency exchange guarantee is to be involved;…"

Audit observed that:

i. The News Agency of Nigeria maintained Domiciliary account with the Central Bank of Nigeria and yet procured its foreign currency for officers travelling on official duties through the parallel (black) market, and
ii. The payments were made as shown in the Table below.

S/N	Date	Details	Amount (₦)	US$
1	18/4/2019	Purchase of Dollars for an official trip to South Africa.	1,749,600.00	4,800
2	16/5/2019	Purchase of Dollars by an Office	1,499,370.00	4,200
3	7/2/2019	Purchase of Dollars for office running October – December, 2018 vide PV No. 13301	1,095,000.00	3,000
4	3/12/2019	Purchase of Dollars for payment of property tax for New York office vide PV No. 12907	2,190,000.00	6,000
		Total	**6,533,970.00**	**18,000**

The above anomalies could be attributed to weaknesses in the internal control system at the News Agency of Nigeria.

Risks

i. Loss of funds to government.
ii. Increase pressure on exchange rate.
iii. Leads to devaluation of naira

Management Response

No response from the management

Recommendations

The Managing Director should be requested to:

i. Recover the sum of US$18,000 (Eighteen thousand dollars) only, and remit to the Treasury.
ii. Forward evidence of remittance of the sum of US$18,000.00 (Eighteen thousand dollars), to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 3: UNACCOUNTED RELEASES TO NEW YORK OFFICE (=US$30,000.00)

Paragraph 603(i) of the Financial Regulation (FR) 2009 states “All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c.”

Audit observed that:

i. The News Agency of Nigeria made a quarterly release of US$3,000.00 (Three thousand United States dollars) to New York office as a running cost, totaling US$24,000.00 (Twenty four thousand United States dollars) for years 2019 and 2020.
ii. Additional US$6,000.00 (Six thousand United States dollars) was released for property tax payment for New York Office in 2019, and
iii. Evidence of utilization of the above amounts, for the intended purposes, such as receipts, invoices, and expenditure returns were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the News Agency of Nigeria.

Risks
i. Loss of government fund.
ii. Diversion of government fund.

Management Response
No response from the management.

Recommendations
The Managing Director should be requested to:
i. Recover the sum of US$24,000.00 (Twenty four thousand United States dollars) and US$6,000 (Six thousand United States dollars) spent without evidence of utilization to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iii. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct as specified in paragraphs 3106, 3115 and 3129 of the Financial Regulations 2009, respectively should apply.

ISSUE 4: FAILURE TO RECOVER OUTSTANDING DEBTS (=₦151,917,117.75)

Paragraph 227(ii) of the Financial Regulations (FR) 2009 states "It is the responsibility of Accounting Officers to follow up outstanding items of revenue and to take all necessary steps to ensure collection or, where collection is no longer possible, to apply to the ministry of Finance for authority for a write-off, explaining the circumstances."

Audit observed that:
i. The Agency's unrecovered debt for subscription stood at ₦151,917,117.75 (One hundred and fifty one million, nine hundred and seventeen thousand, one hundred and seventeen naira seventy five kobo) as at 31st December, 2020, and
ii. Some of these debts had been outstanding since 2016, and there was no evidence of effort made by the Agency to recover them.

The above anomalies could be attributed to weaknesses in the internal control system at the News Agency of Nigeria.

Risks
i. Loss of government fund.
ii. Diversion of government fund.

Management's Response
No response.

Recommendations
The Managing Director should be requested to:

i. Recover and remit to the Treasury, the sum of ₦151,917,117.75 (One hundred fifty one million, nine hundred and seventeen thousand one hundred and seventeen naira seventy five kobo) being outstanding subscription due to the Agency.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

NIGERIAN BULK ELECTRICITY TRADING COMPANY

At the Nigerian Bulk Electricity Trading Company, Abuja, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2017 TO 2019)

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant General not later than 31st May of the following year of Account."

In spite of the extant regulations:
i. The Nigerian Bulk Electricity Trading Company failed to submit its audited financial statements for the years 2017 to 2019 to the Office of the Auditor-General for the Federation as at the time of audit in October, 2020, and
ii. The above practice by the Company contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Bulk Electricity Trading Company, Abuja.

Risks
i. Impediments to Public Accounts Committees oversight
ii. Sub-optimal decisions by those charged with governance.

Management's Response
"The accounting firm of Aminu Ibrahim and Co, who were engaged following the grant of No Objection by the Bureau of Public Procurement (BPP), have commence the process of carrying out the audit of the 2017, 2018 and 2019 financial statements that are outstanding."

Recommendations
The Managing Director should be requested to:
i. Submit the audited financial statements, in respect of 2017 to 2019 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and

ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: NON-RECOVERY OF OUTSTANDING DEBT FROM THE FORMER MANAGING DIRECTOR AND FORMER OFFICERS OF THE COMPANY (=₦188,359,837.15)

Paragraph 1420 of Financial Regulations (FR) 2009 states "It is the responsibility of all Accounting officers to ensure that all advances granted to officers are fully recovered." Furthermore, paragraph 1405 of the FR 2009 states "Accounting officers are responsible for ensuring the prompt repayment of all advances by instalment or otherwise."

Audit observed that:

i. The sum of ₦321,724,795.17 (Three hundred and twenty one million, seven hundred and twenty four thousand, seven hundred and ninety five naira, seventeen kobo) was paid to a former Managing Director of the Company and seven other officers as staff mortgage scheme/revolving loans for the acquisition of properties while they were in active service.
ii. Of the above amount a former Managing Director received the sum of ₦85,283,867.36 (Eighty five million, two hundred and eighty three thousand, eight hundred and sixty seven naira, thirty six kobo) in January, 2018, while the balance of ₦236,440,927.81 (Two hundred and thirty six million, four hundred and forty thousand, nine hundred and twenty seven naira, eighty one kobo) was paid to the seven officers in July, 2016.
iii. At the time of disengagement from the Service in July, 2020, the former Managing Director had only repaid the sum of ₦35,707,541.90 (Thirty five million, seven hundred and seven thousand, five hundred and forty one naira, ninety kobo), leaving an unpaid balance of ₦49,576,325.48 (Forty nine million, five hundred and seventy six thousand, three hundred and twenty five naira, forty eight kobo).
iv. The sum of ₦97,657,416.14 (Ninety seven million, six hundred and fifty seven thousand, four hundred and sixteen naira, fourteen kobo) was recovered from the seven former officers of the company, leaving an unpaid balance of ₦138,783,511.67 (One hundred and thirty eight million, seven hundred and eighty three thousand, five hundred and eleven naira, sixty seven kobo).
v. In all, the sum of ₦188,359,837.15 (One hundred and eighty eight million, three hundred and fifty nine thousand, eight hundred and thirty seven naira, fifteen kobo) remained outstanding at the time of audit in October, 2020, and
vi. All the officers in question were disengaged from service in 2018 without paying the outstanding loan of ₦188,359,837.15.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Bulk Electricity Trading Company, Abuja.

Management's Response

No response.

Risks

i. Waste of government resources.
ii. Loss of fund to the government.
iii. Diversion of public funds

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why the officers were disengaged without paying the outstanding loan of ₦188,359,837.15 (One hundred and eighty eight million, three hundred and fifty nine thousand, eight hundred and thirty seven naira, fifteen kobo).
ii. Recover and remit the sum of ₦188,359,837.15 unpaid loan to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: OUTSTANDING DEBT FROM THE SUPPLY OF ELECTRICITY TO FOREIGN FIRMS (=US$69,384,699.20)

Paragraph 227(ii) of the Financial Regulations (FR) 2009 states "It is the responsibility of Accounting Officers to follow up outstanding items of revenue and to take all necessary steps to ensure collection or, where collection is no longer possible, to apply to the ministry of Finance for authority for a write-off, explaining the circumstances." Also, article 10.3 of CommunateElectrique Du Benin (CEB) and article 13 of Societe Nigerienne D'Electricite (NIGELEC) of the contract agreements allowed for interest of 5% per annum and 1% interest per month to be charged on the outstanding amount owed by CEB and NIGELEC as set out in the CEB and NIGELEC PSAS respectively.

Audit observed that:

i. The Company entered into an agreement with two firms that are based in Benin Republic for the supply of electricity to those firms. From the review of records available to audit, the company commenced supply of electricity in January, 2015.
ii. As at January 2019, the value of supply made to the two foreign firms amounted to US$315,408,623.07 (Three hundred and fifteen million, four hundred and eight thousand, six hundred and twenty-three United States dollars, seven cent).
iii. Review of invoices provided for audit, however, revealed that, as at January, 2019, the firms had only made payments to the tune of US$246,023,923.87 (Two hundred and forty-six million, twenty-three thousand, nine hundred and twenty-three United States dollars, eighty seven cent), leaving an outstanding of US$69,384,699.20 (Sixty nine million, three hundred and eighty four thousand, six hundred and ninety nine United States dollars, twenty cent), and
iv. The company failed to provide for audit clarification and efforts made to ensure the recovery of these huge amount which in Naira, amounts to ₦25,186,645,809.60 (Twenty five billion, one hundred and eighty six million, six hundred and forty five thousand, eight hundred and nine naira, sixty kobo) at the rate of ₦363 to a dollar as of 31st January, 2019.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Bulk Electricity Trading Company, Abuja.

Risks

i. Loss of revenue to the government.
ii. Inability to fund government budget
iii. Possible diversion of public funds.

Management's Response

"In June 2017, NBET and the Transmission Company of Nigeria (TCN) NIGELEC, through a joint letter, advice the NIGELEC and CEB, respectively that they should continue to credit the account of TCN Market Operator pending the signing of the agreements that would put in place a new contractual /commercial framework with NBET.

NBET proceeded to negotiate a new contractual/commercial framework with CEB and NIGERLEC respectively, but faced challenges from both TCN and the International customers in finalizing the new Power Sale Agreements that would pave the way to fully assume the administration of these contractual relationships. While the government has directed NBET to conclude the international contractual engagements, TCN however wrote to the Federal Ministry of Power asserting that NBET has no role in the ECOWAS regional Electricity market and cannot be executing contracts with CEB and NIGELEC.

The letter further stated that TCN has the responsibility to recover all outstanding debts and noted that they had reconciled the outstanding debt and were discussing a payment plan for offsetting the debt. Thus, it is the TCN that are in the best position to render account for the outstanding payment. NBET is taking necessary steps for the recovery of its portion of the payments that have been credited to TCN."

Recommendations

The Managing Director should be requested to:

i. Account for the sum of US$69,384,699.20 (Sixty nine million, three hundred and eightyfour thousand, six hundred and ninety nine United States dollars, twenty cent) and all accrued interests.
ii. Recover and remit the sum of US$69,384,699.20 and all accrued interests to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 4: UNAUTHORIZED CONVERSION OF GOVERNMENT PROPERTIES TO PERSONAL USE (=₦63,616,700.56)

Paragraph 112 (i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;…" Also, paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 "…all MDAs should maintain up to date Asset Registers for all moveable and immoveable government assets either bought directly, received from Donor Agencies or procured by third parties such as contractors implementing projects on behalf of Government."

Audit observed that:

i. Four vehicles belonging to the company were not sighted during audit inspection in October, 2020, and

ii. Upon enquiry, it was revealed that the vehicles, details of which are provided in the table below, were taken away by two former Managing Directors of the Company, and

OFFICERS INVOLVED	TYPE OF VEHICLE	YEAR OF PURCHASE	COST OF PURCHASE (₦)	VALUE AS AT PERIOD OF AUDIT (₦)
First former M.D	i. Honda Accord BWR ii. Toyota Land Cruiser	2015 2014	20,266,794.41 22,747,221.80	12,321,416.39 7,945,377.92
Second former M.D	iii. BMW, 530i Series Saloon Car iv. Toyota Land Cruiser 2017 model	2019 2017	48,972,000.00 34,177,500.00	39,789,750.00 3,560,156.25
			126,163,516.11	**63,616,700.56**

iii. The Company could not produce evidence that the vehicles in question were boarded to the two former Managing Directors.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Bulk Electricity Trading Company, Abuja.

Risks

i. Loss of government assets.

ii. Conversion of public property for private use.

Management's Response

"The total indebtedness to the organization by these two officers out weights their respective gratuity/severance package entitlements."

Recommendations

The Managing Director should be requested to:

i. Recover the vehicles at the exact value at which they were taken away by the two former Managing Directors.

ii. Furnish evidence of recovery to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions relating to failure to pay for use of government property prescribed in paragraph 3113 of the Financial Regulations 2009 should apply.

ISSUE 5: NON-DEDUCTION OF STATUTORY STAMP DUTY ON CONTRACTS (=₦7,024,002.13)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to

beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid."

Audit observed that:

i. The Company failed to deduct 1% Stamp Duty amounting to ₦7,024,002.13 (Seven million, twenty four thousand, two naira and thirteen kobo) from sixty six (66) contracts awarded in 2019, and
ii. The sixty six (66) contractors were overpaid by ₦7,024,002.13.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Bulk Electricity Trading Company, Abuja.

Risks

i. Loss of government revenue.
ii. Difficulty in funding budget.

Management's Response

"Audit observation is noted for immediate compliance and demand letters have now been sent to all the affected contractors to immediately repay the value of stamp duties that ought to have been deducted has not yet translated to the recovery of the revenue loss."

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Account Committees of the National Assembly, the non-deduction of statutory 1% stamp duty on the sixty six (66) contract.
ii. Recover the sum of ₦7,024,002.13 (Seven million, twenty four thousand, two naira and thirteen kobo) and remit same to the Federal Inland Revenue Services.
iii. Provide the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations 2009 should apply.

NIGERIAN INSTITUTE OF INTERNATIONAL AFFAIRS, LAGOS

At the Nigerian Institute of International Affairs, Lagos, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2012-2020)

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant-General not later than 31st May of the following year of Account."

In spite of the extant regulations:

i. The Institute failed to submit its audited financial statements for the years 2012 to 2020 to the Office of the Auditor-General for the Federation as at the time of audit in June, 2021, and
ii. The above practice by the Institute contravened extant regulations on submission of audited

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Institute of International Affairs.

Risks

i. Impediments to Public Accounts Committees oversight
ii. Sub-optimal decisions by those charged with governance.

Management's Response

"The non-submission of audited financial statements was due to unstable nature of the Institute's Governing Council."

Recommendations

The Director-General should be requested to:

i. Submit the audited financial statements, in respect of 2012 to 2020 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦11,538,354.96)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. Fourteen (14) paid vouchers amounting to ₦11,538,354.96 (Eleven million, five hundred and thirty eight thousand, three hundred and fifty four naira, ninety six kobo) were raised in favour of some officers and suppliers between 2018 and 2020 for various supplies and other related services, and

ii. From the Institute's GIFMIS payment platform, these payments were made to an officer other than the ultimate beneficiaries that were named on the paid vouchers, in violation of the Federal Government's e-payment Circular.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Institute of International Affairs.

Risks

i. Loss of government funds from duplicated payments.
ii. Diversion of public funds.

Management Response

"Payment was for individuals that are not on the GIFMIS platform and for non-personal advances."

Recommendations

The Director-General should be requested to:

i. Account for the sum of ₦11,538,354.96 (Eleven million, five hundred and thirty eight thousand, three hundred and fifty four naira, ninety six kobo).
ii. Recover the sum of ₦11,538,354.96 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3016 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: NON-DEDUCTION OF STATUTORY 1% STAMP DUTY (=₦1,015,380.43)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the sametime the payee who is the subject of the deduction is paid."

Audit observed that:

i. The Institute made twenty two (22) payments amounting to ₦101,538,043.32 (One hundred and one million, five hundred and thirty eight thousand, forty three naira, thirty two kobo) in respect of contracts awarded between 2018 and 2020, and

ii. The Institute failed to deduct 1% Stamp Duty amounting to ₦1,015,380.43 (One million, fifteen thousand, three hundred and eighty naira and forty three kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Institute of International Affairs.

Risks

i. Loss of revenue to Federal Government.
ii. Difficulty in funding budget.

Management's Response

"Deductions of 1% Stamp Duty from payment of stamp duties is not an item in the GIFMIS platform as can be seen from evidence from letter written to FIRS. Only in January 2022, a team from OAGF gave account details for stamp duties payment."

Recommendations

The Director-General should be requested to:

i. Recover and remit to the Federal Inland Revenue Service, the sum of ₦1,015,380.43 (One million, fifteen thousand, three hundred and eighty naira forty three kobo).
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 4: NON-RETIREMENT OF CASH ADVANCES AND CIRCUMVENTION OF PROCUREMENT PROCESS (=₦34,943,763.10)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Thirty one (31) non-personal advances for the purchase of various items and rendering of services amounting to ₦34,943,763.10 (Thirty four million, nine hundred and forty three thousand, seven hundred and sixty three naira ten kobo), granted to nine (9) officers of the Institute between January 2018 and December 2020 remained unretired as at the time of audit in June 2021.
ii. Three of the officers were granted multiple cash advances without retiring previous ones.
iii. Cash advances above the approved threshold of ₦200,000.00 were granted to eight officers. An officer, for instance, received the sum of ₦6,250,000.00, ₦6,213,600.00,

₦5,757,000.00 and ₦4,942,000.00 as cash advances in 2019 for NIIA Governing Council meeting.

iv. A total of ₦34,454,313.10 (Thirty four million, four hundred and fifty four thousand, three hundred and thirteen naira, ten kobo) was granted as cash advances in excess of the approved threshold, and

v. Government lost the sum of ₦3,789,974.44 (Three million, seven hundred and eighty nine thousand, nine hundred and seventy four naira, forty four kobo) that would have accrued to it as 5% VAT, 5% WHT and 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Institute of International Affairs.

Risks

i. Diversion of public funds
ii. Loss of Government Fund

Management's Response

"All listed advances have been settled."

Recommendations

The Director-General should be requested to:

i. Recover and remit to Treasury, the sum of ₦34,943,763.10 (Thirty four million, nine hundred and forty three thousand, seven hundred and sixty three naira ten kobo), being unretired advances.
ii. Remit to the Federal Inland Revenue Service, the sum of ₦3,789,974.44 (Three million, seven hundred and eighty nine thousand, nine hundred and seventy four naira, forty four kobo) that is due to government by way of 5% VAT, 5% WHT and 1% Stamp Duty
iii. Forward evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to spend public funds effectively and non-retirement of advances and imprests, failure to collect and account for government revenue specified in paragraphs 3115, 3124 and 3112 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (₦42,730,008.96)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. Nineteen (19) paid vouchers amounting to ₦42,730,008.96 (Forty two million, seven hundred and thirty thousand, eight naira, ninety six kobo) paid between 2018 and

December, 2020 for the performance of various activities and services to the Institute were not supported by relevant documents, and

ii. The non-attachment of the relevant documents made it difficult to authenticate the validity, genuineness and correctness of the transactions that led to those payments.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Institute of International Affairs.

Risks

i. Payments for unapproved expenses.
ii. Misappropriation of government funds.
iii. Diversion of public funds.

Management Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦42,730,008.96 without supporting documents.
ii. Account for the sum of ₦42,730,008.96 (Forty two million, seven hundred and thirty thousand, eight naira, ninety six kobo)
iii. Remit the sum of ₦42,730,008.96 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 6: PAYMENTS MADE BEFORE RAISING PAID VOUCHERS AND WITHOUT PRE-PAYMENT AUDIT (=₦4,162,854.40)

Paragraph 601 of the Financial Regulations (FR) 2009 states “All payments entries in the cashbook/account shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favor of the person(s) to whom the money is actually due. Under no circumstances shall a cheque be raised, or cash paid for services for which a voucher has not been raised.” Furthermore, paragraph 1705 of the FR 2009 states “The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment...”

Audit observed that:

i. Eight (8) payments totaling ₦4,160,297.41 (Four million, one hundred and sixty thousand, two hundred and ninety seven naira, forty one kobo) were made in 2019 to two officers as contract staff allowances and an Electricity Distribution Company to offset electricity bills.
ii. The GIFMIS platform showed that the above payments were made to the officers and the Company before paid vouchers were raised, and

iii. The paid vouchers were neither pre-audited nor presented for checking as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Institute of International Affairs.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management Response

No response.

Recommendations

The Director-General should be requested to:

i. Account for ₦4,160,297.41 (Four million, one hundred and sixty thousand, two hundred and ninety seven naira, forty one kobo) paid without prepayment audit and paid vouchers.
ii. Recover and remit the sum of ₦4,160,297.41 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: IRREGULAR PAYMENT OF SITTING ALLOWANCE (=₦2,752,400.00)

Paragraph 2 of the Establishment Circular Ref. No. SWC/S/04/S.310/T/65 dated 8th April 2016 stipulates that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year.

Audit observed that:

i. Six (6) payments totaling ₦2,752,400.00 (Two million, seven hundred and fifty-two thousand, four hundred naira) were made to some staff of the Institute between 2018 and 2020 as sitting allowances for attending PPC meetings, and
ii. The beneficiaries are full time officers of the Institute that are being paid monthly salaries.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Institute of International Affairs.

Management's Response

No response.

Risks

i. Waste of government resources
ii. Loss of public funds.

Recommendations

The Director-General should berequested to:

i. Account for the sum of ₦2,752,400.00 (Two million, seven hundred and fifty two thousand, four hundred naira) irregularly paid as sitting allowance.
ii. Recover the sum of ₦2,752,400.00 remit to treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations should apply.

INSTITUTE FOR PEACE AND CONFLICT RESOLUTION (IPCR), ABUJA

At the Institute for Peace and Conflict Resolution, Abuja, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2018 TO 2020)

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant-General not later than 31st May of the following year of Account."

In spite of the extant regulations:

i. The Institute failed to submit its audited financial statements for the years 2018 to 2020 to the Office of the Auditor-General for the Federation as at the time of audit, and
ii. The above practice by the Institute contravened extant regulations on submission of audited

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution (IPCR) Abuja.

Risks

i. Impediments to Public Accounts Committees oversight
ii. Sub-optimal decisions by those charged with governance.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Submit the audited financial statements, in respect of 2018 to 2020 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: VIOLATION OF DUE PROCESS ON PROCUREMENT OF VEHICLE (=₦10,879,000.00)

Section 24(I) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA 2007 states "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." Also, paragraph 2 of Establishment Circular Ref. No. SGF.OP/1/S.3/VIII/250 of 12th April 2011 states "Accordingly Mr. President has directed that in line with extant regulations, Ministries, Departments and Agencies are enjoined to patronise all brands of vehicles made in Nigeria by the Local Assembly Plants as appropriate. However, in the unlikely event that the vehicles required from the Local Automotive Industries are not available at the time of need, necessary clearance must be obtained from Mr. President through this Office before other alternative brands are procured."

Audit observed that:

i. The Institute procured a Changan CS35 MODEL 2020 motor vehicle for ₦10,879,000.00 (Ten million, eight hundred and seventy nine thousand naira).
ii. Evidence such as newspaper publications, the contractor's quotation, quotation of other bidders, etc. to show that the procurement was a product of open competitive bidding was not made available for audit.
iii. There was no evidence that the Changan vehicle procured was assembled in Nigeria as required by extant regulations, and
iv. There was no evidence that the approval of Mr. President was obtained before buying the foreign assembled vehicle.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks

i. Loss of Government funds.
ii. Supply of substandard goods.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for non-adherence to Mr. President's directives on purchase of locally assembled vehicles.
ii. Recover the sum of ₦10,879,000.00 (Ten million, eight hundred and seventynine thousand naira) and remit same to Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular award of contract and gross misconduct prescribed in paragraphs 3117 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: PAYMENT FOR PROGRAMMES WITHOUT EVIDENCE OF EXECUTION (=₦197,462,130.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009, states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distance, and rates, so as to enable them to be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets etc." In addition, paragraph 415 of the FR states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦197,462,130.00 (One hundred and ninety-seven million, four hundred and sixty-two thousand, one hundred and thirty naira) was expended vide 18 paid vouchers from the Capital Expenditure Vote for various programmes such as implementation of climate environmental changes impact; workshop on role of traditional institution in the management of pastoralists and farmers' conflict; reconciliation and mediation exercise; observation of Edo State 2020 governorship election etc, and

ii. Documents such as list of participants, attendance register, certificates of attendance, details of venues, programme completion reports, etc., to substantiate judicious use of the fund were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.
iii. Payments for programmes not executed.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for paying ₦197,462,130.00 (One hundred and ninety seven million, four hundred and sixtytwo thousand, one hundred and thirty naira) for programmes without evidence of execution.

ii. Account for the sum of ₦197,462,130.00 paid without evidence of execution of the programmes.

iii. Recover and remit to the Treasury, the sum of ₦197,462,130.00.

iv. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
v. Otherwise, sanctions relating to payment for job not executed and irregular payment specified in paragraphs 3104 and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦26,743,773.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distance and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i. Paid vouchers totaling ₦26,743,773.00 (Twenty six million, seven hundred and forty three thousand, seven hundred and seventy three naira) for Overhead expenditures were paid without attaching relevant supporting documents, and
ii. No justification was provided for not attaching the supporting documents.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks
i. Loss of government funds
ii. Payment for contracts not executed

Management's Response
No response.

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the reason for paying ₦26,743,773.00 (Twenty six million, seven hundred and forty three thousand, and seven hundred and seventy three naira) without relevant supporting documents.
ii. Account for the sum of ₦26,743,773.00.
iii. Recover the sum of ₦26, 743,773.00 and remit same to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular and wrong payment stated in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 5: UNJUSTIFIED PAYMENT FOR INSTRUCTIONAL AND EMPOWERMENT MATERIALS (=₦122,209,660.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦122,209,660.00 (One hundred and twenty two million, two hundred and nine thousand, six hundred and sixty naira) was expended vide five (5) capital expenditure paid vouchers for the purchase of instructional and empowerment materials, and
ii. There was no evidence that the items were collected by the beneficiaries, details such as names, signatures and phone numbers were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks

i. Loss of government funds.
ii. Payment for items not supplied

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Furnish evidence that the instructional and empowerment materials were distributed to the various beneficiaries.
ii. Account to the Public Accounts Committees of National Assembly the sum of ₦122,209,660.00 (One hundred and twenty two million, two hundred and nine thousand, six hundred and sixty naira).
iii. Recover and remit to the Treasury, the sum of ₦122,209,660.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 6: PAYMENT FOR CONSULTANCY WITHOUT EVIDENCE OF EXECUTION (=₦84,629,642.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009, states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distance, and rates, so as to enable them to be supported by

relevant documents such as local purchase orders, invoices, special letters of authority, time sheets etc." In addition, paragraph 415 of the FR states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦84,629,642.00 (Eighty four million, six hundred and twenty nine thousand, six hundred and forty two naira) was expended on consultancy services from Capital Expenditure Vote for sensitization programme and workshop on peaceful co-existence in selected states of the Federation.
ii. The payments were made without details of procurement processes and technical evaluations, and
iii. Detailed reports of the programmes, schedule of the honorariums paid to the facilitators and attendance register of participants, were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks

i. Loss of Government Fund.
ii. Payment for jobs not executed.
iii. Waste of public funds.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Account for the sum of ₦84,629,642.00 (Eighty four million, Six hundred and twenty nine thousand, six hundred and forty two naira) paid without evidence of contract execution.
ii. Recover and remit to the Treasury, the sum of ₦84, 629,642.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 7: NON-REMITTANCE OF STATUTORY TAXES (=₦118,804,162.00)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and

services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid."

Audit observed that:

i. The Institute made thirty two (32) payments for various contracts in the year 2020, and
ii. The sum of ₦118,804,162.00 (One hundred and eighteen million, eight hundred and four thousand, one hundred and sixty two naira), being statutory Value Added Taxes (VAT), Withholding Taxes (WHT) and Stamp Duties from the contracts in (i) above was not remitted to the relevant tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks

i. Loss of government revenue
ii. Difficulty in funding budget.
iii. Diversion of public funds.

Management's Response

No response

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-remittance of statutory taxes amounting to ₦118,804,162.00 (One hundred and eighteen million, eight hundred and four thousand, one hundred and sixty two naira) to the relevant tax authorities.
ii. Recover and remit the sum of ₦118,804,162.00 to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to loss of government revenue through VAT and WHT and failure to collect and account for Government Revenue specified in paragraphs 234(ii) and 3112 of the Financial Regulations 2009 respectively, should apply.

ISSUE 8: IRREGULARITIES IN PAYMENT FOR ZONAL INTERVENTION CONTRACT (=₦1,112,362,590.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 603(i) of the FR 2009, states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c." In addition, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦1,112,362,590.00 (One billion, one hundred and twelve million, three hundred and sixty two thousand, five hundred and ninety naira) was expended on zonal intervention contracts, and
ii. Details of the expenditures such as the list of beneficiaries and their acknowledgement and programme reports to justify the paymentswere not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of Public Funds.
iii. Payment for contracts not executed.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly the irregularities in payment of ₦1,112,362,590.00 (One billion, one hundred and twelve million, three hundred and sixtytwo thousand, five hundred and ninety naira)for zonal intervention programs.
ii. Recover and remit to the Treasury, the sum of ₦1,112,362,590.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 9: UNSUBSTANTIATED PAYMENT FOR PROJECT MONITORING AND EVALUATION (=₦20,346,800.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 603(i) of the FR 2009, states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c." In addition, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦20,346,800.00 (Twenty million, three hundred and forty six thousand, eight hundred naira) was made vide two paid vouchers for project monitoring and evaluation.

ii. The projects and their locations were not stated in the memo attached to the paid voucher, and
iii. There was no evidence that officers of the Institute embarked on the monitoring and evaluation exercise.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks
i. Loss of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦20,346,800.00 (Twenty million, three hundred and forty six thousand, eight hundred naira) on Monitoring and Evaluation exercise.
ii. Recover and remit to the Treasury the sum of ₦20,346,800.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of Financial Regulations 2009, should apply.

ISSUE 10: IRREGULAR PAYMENT OF TRAINING ALLOWANCE TO NEWLY RECRUITED STAFF (=₦4,574,080.00)

Paragraph 415 of the Financial Regulations (FR) 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy, Money must not be spent merely because, it has been voted." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i. The sum of ₦4,574,080.00 (Four million, five hundred and seventyfour thousand, and eighty naira) was paid as cost of training fifty six (56) newly recruited staff at the rate of at ₦81,680.00 (Eighty one thousand, six hundred and eighty naira) per staff.
ii. The basis of arriving at ₦81,680.00 per staff was not stated, and
iii. Relevant evidence such as attendance register, group photograph, job completion report were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja

Risks:
i. Loss of government funds.
ii. Payment for non-executed contract.

Management's Response
No response.

Recommendations:
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦4,574,080.00 (Four million, five hundred and seventy-four thousand, and eighty naira) on training of newly recruited staff.
ii. Recover and remit to the Treasury the sum of ₦4,574,080.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of Financial Regulations 2009, should apply.

ISSUE 11: CONTRACT AWARDED WITHOUT DUE PROCESS (=₦10,513,500.00)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be conducted by open competitive bidding." Also, paragraph 603(i) of the Financial Regulations (FR) 2009 states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i. The Institute paid the sum of ₦10,513,500.00 (Ten million, five hundred and thirteen thousand, five hundred naira) as consultancy fee in respect of contract for editing and printing of proceedings of the inaugural session of the International Conference on Conflict Prevention, Management and Resolution in Africa vide voucher number ZIP/294 dated 26th March, 2021.
ii. Evidence of open competitive bidding such as newspaper advertisement, quotation of other bidders, technical evaluation report, etc,were not presented for audit, and
iii. The Internal Auditor's certification of the contract was also not attached to the paid voucher.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution (IPCR) Abuja.

Risks
i. Loss of government funds.
ii. Payment for items not delivered.

Management's Response
No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦10,513,500.00 (Ten million, five hundred and thirteen thousand, five hundred naira) on contract awarded without due process.
ii. Recover and remit to the Treasury the sum of ₦10,513,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and irregular award of contract specified in paragraphs 3106 and 3117 of the Financial Regulations 2009 respectively, should apply.

ISSUE 12: DOUBTFUL EXPENDITURE ON CONSTRUCTION OF SOLAR POWER STRUCTURE SCHEME AND WATER AND SANITATION (BORE-HOLE) (=₦43,290,305.00)

Paragraph 415 of the Financial Regulations (FR) 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy, Money must not be spent merely because, it has been voted." Also, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc.''

Audit observed that:

i. The sum of ₦43,290,305.00 (Forty three million, two hundred and ninety thousand, three hundred and five naira) was spent for the construction of solar power structure scheme at Isumpe-Eke and construction of water and sanitation (borehole) at Dangeshumi LGA of Sokoto state.
ii. Evidence of Needs Assessment Report, Bill of Quantities (BOQ) and Job Completion Certificate were not produced for audit, and
iii. The Internal Auditor's certification of the contracts was not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute for Peace and Conflict Resolution, Abuja.

Risks

i. Payment for contracts not executed.
ii. Loss of government fund.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦43,290,305.00 (Forty-three million, Two hundred and ninety thousand, Three hundred

and five naira) spent for the construction of solar power structure scheme at Isumpe-Eke and construction of water and sanitation (borehole) at Dangeshumi LGA of Sokoto state.

ii. Recover and remit to Treasury, the sum of ₦43,290,305.00.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

NATIONAL FILM AND VIDEO CENSORS BOARD

At the National Film and Video Censors Board, Abuja for the period January 2019 to December,2020 the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2019 AND 2020)

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant-General not later than 31st May of the following year of Account."

In spite of the extant regulations:

i. The National Film and Video Censors Board failed to submit its audited financial statements for the years 2019and 2020 to the Office of the Auditor-General for the Federation as at the time of audit, and

ii. The above practice by the Board contravened extant regulations on submission of audited

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board.

Risks

i. Impediments to Public Accounts Committees oversight

ii. Sub-optimal decisions by those charged with governance.

Management's Response

No Response

Recommendations

The Executive Director should be requested to:

i. Submit the audited financial statements, in respect of 2019 and 2020 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and

ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: NON-DEDUCTION OF WITHOLDING TAX (=₦4,304,002.96)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same."

Audit observed that:

i. Withholding Taxes (WHT) amounting to ₦4,304,002.96 (Four million, three hundred and three thousand, two naira, ninety-six kobo) from contracts awarded for the supply of empowerment items and consultancy services between June 2019 and December, 2020, and
ii. No reason was provided to justify the non-deduction of withholding tax.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Loss of revenue to government.
ii. Inability of government to fund budget.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for non-deduction of WHT amounting to ₦4,304,002.96 (Four million, three hundred and three thousand, two naira, ninety six kobo).
ii. Recover and remit to the Federal Inland Revenue Service, the sum of ₦4,304,002.96 beingWHT not deducted.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 3: IRREGULAR AWARD OF CONTRACTS FOR THE SUPPLY OF GENERATING SETS (=₦15,806,880.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Also, paragraph 603(i) of the FR states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The Board awarded three contracts for the supply of 145 units of 2.2 KVA power generating sets to small business owners in Owo/Ose Federal Constituency of Ondo State at a contract price of ₦15,806,880.00 (Fifteen million, eight hundred and six thousand, eight hundred and eighty naira).

ii. The contract which was split into three, was awarded to the same contractor through three separate award letters with the same reference number but with different dates as detailed in the Table below.

S/N	Date of Award	Award Letter Ref. Nos.	Description	Contract value (₦)
1.	29/11/2019	FVCB/HQ/A.895/VOL.I	Supply of 81 Nos. 2.2 KVA generators	8,731,800.00
2.	27/12/2019	FVCB/HQ/A.895/VOL.I	Supply of 28 Nos. 2.2 KVA generators	3,106,080.00
3.	03/02/2020	FVCB/HQ/A.895/VOL.I	Supply of 36 Nos. 2.2 KVA generators	3,969,000.00
		TOTAL		**15,806,880.00**

iii. Job Completion Certificate for the supply of 28 Nos. 2.2 KVA generators was issued by the Head, Ondo Centre on the 11th December, 2019, sixteen days before the contract was awarded.

iv. The Contractor's job completion certificate for the contract in (iii) above, was dated 12th December, 2019, fifteen days before the contract was awarded.

v. No Store Received Voucher (SRV) was attached to indicate that the items were taken on ledger charge.

vi. Details of the beneficiaries were not attached to the paid vouchers, and

vii. The same supporting documents were attached for the payment of the three contracts.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Payment for job not executed.

ii. Waste of government resources.

iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the expenditure of ₦15,806,880.00 (Fifteen million, eight hundred and six thousand, eight hundred and eighty naira) for the supply of generating sets.

ii. Recover and remit to the Treasury, the sum of ₦15,806,880.00.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to payment for jobs not executed, irregular payment, failure to spend public funds effectively and irregular award of contract contained in paragraphs 3104(iii), 3106, 3115, and 3117 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: EXTRA-BUDGETARY EXPENDITURE (=₦20,237,800.00)

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of the Financial Regulations 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The Board paid the sum of ₦20,237,800.00 (Twenty million, two hundred and thirty seven thousand, eight hundred naira) to the Nigeria Police Force Microfinance Bank vide payment voucher Ref. No. NFVCB/HQ/ CAP/35/2021 dated 1st February 2021, for training programs and enforcement of twenty (20) Spy Officers at the Police College, Ikeja.
ii. The training was not provided for in the Board's approved budget.
iii. Relevant documents such as Award Letter, Minutes of Tenders Board meetings, etc. were not attached to the paid voucher, and
iv. Attendance Register, copies of certificate of participation for the training were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the contract award for the sum of ₦20,237,800.00 (Twenty million, two hundred and thirty seven thousand, eight hundred naira) without budgetary provision.
ii. Recover and remit to the Treasury, the sum of ₦20,237,800.00.
iii. Forward evidence of remittance of (ii) above to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed and irregular payment specified in paragraphs 3104(iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: PAYMENT FOR CONTRACTS WITHOUT EVIDENCE OF EXECUTION (=₦18,557,250.00)

Paragraph 412 of the Financial Regulations (FR) 2009, states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The Board awarded a contract for training on Strategic Value Chain Entrepreneurial Development, including industrial attachment for youths in Kwara State at a contract sum of ₦18,557,250.00 (Eighteen million, five hundred and fifty seven thousand, two hundred and fifty naira) vide award letter Ref. No. FVCB/HQ/A.1017/Vol.1 dated August 13, 2020.
ii. The sum of ₦10,000.00 (Ten thousand naira) was paid as stipend to each of the participants for a period of five months, and
iii. There was no evidence that the stipends were received by the beneficiaries.

The above anomalies could be attributed to weakness in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Waste of government funds.
ii. Diversion of public funds.
iii. Payment for job not executed.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for paying the sum of ₦18,557,250.00 (Eighteen million, five hundred and fifty seven thousand, two hundred and fifty naira) for consultancy services without evidence of execution.
ii. Recover and remit to the Treasury the sum of ₦18,557,250.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed, irregular payment and failure to spend public funds effectively prescribed in paragraphs 3104, 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 6: OVERPAYMENT AND DOUBTFUL SUPPLY OF EQUIPMENT IN A CONSULTANCY CONTRACT (=₦9,590,500.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c." Also, section 20(2) of the Public Procurement Act (PPA) 2007 states "The accounting officer of every procurement entity have overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurement's and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…"

Audit observed that:

i. A Consultancy contract amounting to ₦7,547,750.00 (Seven million, five hundred and forty seven thousand, seven hundred and fifty naira) was awarded on 10th August, 2020 for sensitization and empowerment program in Bagwai/Shanono and Kabo/Gwarzo Federal Constituency of Kano State.

ii. The contractor was paid the sum of ₦11,690,500.00 (Eleven million, six hundred and ninety thousand, five hundred naira) as against the contract price of ₦7,547,750.00 resulting to overpayment of ₦4,142,750.00 (Four million, one hundred and forty two thousand, seven hundred and fifty naira) as shown in the Table below.

S/N	Date	PV No.	Amount (₦)
1		NFVCB/HQ/104/2020	4,142,750.00
2	15/9/2020	NFVCB/HQ/zip/58/2020	5,447,750.00
3	31/8/2020	NFVCB/zip/53/2020	1,000,000.00
4	31/8/2020	NFVCB/HQ/zip/49/2020	1,100,000.00
	Total payment to the contractor		**11,690,500.00**
	Contract Price		**7,547,750.00**
	Amount Overpaid		**4,142,750.00**

iii. There was no evidence of approval for the variation of the contract paid in (ii) above.

iv. There was no evidence that the sewing machines valued at ₦5,447,750.00, embedded in the contract cost of ₦7,547,750.00, were distributed to the trainees at the end of the training, and

v. The irregular payment arising from (ii) and (iv) above, amounted to ₦9,590,500.00 (Nine million, five hundred and ninety thousand, five hundred naira) that is, ₦4,142,750.00 plus ₦5,447,750.00.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Loss of funds.

ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the overpayment for contract and doubtful supply of sewing machines amounting to ₦9,590,500.00 (Nine million, five hundred and ninety thousand, five hundred naira).
ii. Recover and remit the sum of ₦9,590,500.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to fraudulent payment for contract and gross misconduct specified in paragraphs 3104 (iii) and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: PAYMENT FOR CONTRACT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦23,878,600.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. Contract for the production of documentary titled "Poverty That Hurts" was awarded to a consultant for ₦23,878,600.00 (Twenty three million, eight hundred and seventy eight thousand, six hundred naira) for Empowerment Programme in Ekiti South West/Ikere/Ise Federal Constituency of Ekiti state.
ii. The contract was awarded in two phases, based on release of funds, to the same contractor through two separate award letters with the same reference number but different dates as shown in the Table below:

Phases	Date of Award	Award Letter Ref. No.	Description of Contract	Amount (₦)
Phase 1	13/8/2020	FVCB/HQ/A.1 017/VOL.I	Production of a documentary titled "Poverty That Hurts". Translation into Yoruba language. Production of copies of translated version.	15,958,100.00
Phase 2	24/9/2020	FVCB/HQ/A.1 017/VOL.I	production of additional copies of translated version of documentary "poverty that Hurts".	7,920,500.00
	TOTAL			**23,878,600.00**

iii. Payments for the contracts were made vide paid vouchers numbers NFVCB/HQ/79/2020 and FVCB/HQ/96/2020 dated 21st September, 2020 and 9th November, 2020 respectively, and
iv. Evidence such as the documentary ("Poverty That Hurts") or any form of report from the consultant confirming that the job had been executed, details of participants at the empowerment programme such as names, phone numbers, attendance register, etc., were neither attached to the paid vouchers nor produced for audit scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Waste of government funds.
ii. Diversion of public funds.
iii. Payment for job not executed.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the sum of ₦23,878,600.00 (Twenty three million, eight hundred and seventy eight thousand, six hundred naira) paid for contract without relevant supporting documents.
ii. Recover and remit the sum of ₦23,878,600.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 8: PAYMENT FOR CONTRACTS ON SERVICES AND SUPPLIES WITHOUT EVIDENCE OF EXECUTION (=₦23,939,635.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.

Audit observed that:

i. The Board awarded seven (7) contracts totaling ₦23,939,635.00 (Twenty three million, nine hundred and thirty nine thousand, six hundred and thirty five naira) between February and December, 2020 for procurement and consultancy services, and
ii. Evidence such as award letters, delivery notes, Store Receipt Vouchers, Job Completion Certificates were neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Loss of government funds.
ii. Payments for jobs not executed.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦23,939,635.00 (Twenty three million, nine hundred and thirty nine thousand, six hundred and thirty five naira) paid for contracts on services and supplies without evidence of execution.
ii. Recover and remit the sum of ₦23,939,635.00 to the Treasury.
iii. Forward evidence of payment to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and failure to spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 9: IRREGULAR PAYMENT ON CONTRACT FOR THE SUPPLY OF WOMEN EMPOWERMENT ITEMS (=₦14,891,710.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The Board awarded a contract for the supply of women empowerment items such as grinding machines, hair dryers, barbing clippers and sewing machines in Owo/Ose Federal Constituency, Ondo State for ₦14,891,710.00 (Fourteen million, eight hundred and ninety one thousand, seven hundred and ten naira).
ii. The contract was awarded in two phases – The first phase was awarded on 29th November, 2019 at a contract price of ₦10,719,775.00 (Ten million, seven hundred and nineteen thousand, seven hundred and seventy five naira) while the second phase was awarded on the 27th of December, 2019 at the sum of ₦4,171,935.00 (Four million, one hundred and seventy one naira, nine hundred and thirty five naira).
iii. The second contract was awarded on 27th of December 2019 as shown in the award letter, the Acceptance Letter from the contractor was however, dated 4th December, 2019, indicating that the contract was accepted twenty three days before it was awarded.

iv. Similarly, the Job Completion Certificate issued by the contractor was dated 12th December, 2019, fifteen days before the award.
v. There was no evidence that the items supplied were taken on store ledger charge as Store Receipt Vouchers were not attached to the payment voucher nor presented for audit, and
vi. Evidence of distributions of the items to the beneficiaries were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks
i. Payments for jobs not executed.
ii. Diversion of public funds.
iii. Loss of government funds.

Management's Response
No response.

Recommendations
The Executive Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦14,891,710.00 (Fourteen million, eight hundred and ninety one thousand, seven hundred and ten naira) being irregular payment for contract for the supply of women empowerment items.
ii. Recover and remit the sum of ₦14,891,710.00 to the Treasury.
iii. Forward evidence of remittence to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 10: IRREGULAR PAYMENT ON CONTRACT FOR CONSULTANCY SERVICES IN EKITI STATE (=₦16,942,000.00)

Paragraph 603 (i) of the Financial Regulations (FR) 2009, states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i. The Board awarded a contract for consultancy services workshop on film censorship, make-up and set-up grants for some selected youths in Ekiti North Federal Constituency, Ekiti State.
ii. The contract was awarded in phases at a total contract price of ₦43,567,750.00 (Forty three million, five hundred and sixty seven thousand, seven hundred and fifty naira).

iii. The first two phases of the contract totaling ₦16,942,000.00 (Sixteen million, nine hundred and forty two thousand naira) were awarded as follows:
   a. The first phase on 29th November, 2019 at a contract price of ₦12,241,000.00 (Twelve million, two hundred and forty one thousand naira)
   b. The second phase on the 27th of December, 2019 at the sum of ₦4,700,000.00 (Four million, seven hundred thousand naira).

iv. Payments for the first two phases were made vide paid vouchers No. NFVCB/HQ/CAP/430/2019 and NFVCB/HQ/7/2020 dated 17th December, 2019 and 28th February, 2020 respectively, and

v. Evidence such as details of participants, Certificate of Job Completion, Programme Report, group photograph, etc. were neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Payments for jobs not executed.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦16,942,000.00 (Sixteen million, nine hundred and forty-two thousand naira) being irregular payment on contract for consultancy services in Ekiti State.
ii. Recover and remit the sum of ₦16,942,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly.
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 11: UNJUSTIFIED PAYMENT FOR CONSULTANCY SERVICES ON MEDIA LITERACY (=₦4,000,000.00)

Paragraph 603 (i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances, and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Furthermore, paragraph 415 of the FR 2009 states "The Federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Board awarded a contract for consultancy service on media literacy for youths and women in Apapa Federal Constituency of Lagos state for ₦12,598,500.00 (Twenty million, five hundred and ninety eight thousand, five hundred naira).
ii. The sum of ₦6,519,700.00 (Six million, five hundred and nineteen thousand, seven hundred naira) was paid from the contract sum in September, 2020 vide paid voucher No. NFVCB/HQ/58/2020, and
iii. Evidence of disbursement of ₦4,000,000.00 (Four million naira) out of the amount paid in (ii) above, to two hundred (200) beneficiaries as empowerment grant at the rate of ₦20,000.00 per participant, was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Diversion of public funds.
ii. Payment for job not executed.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦4,000,000.00 (Four million naira) disbursed to two hundred participants without evidence.
ii. Refund the sum of ₦4,000,000.00 to the Treasury.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 12: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦25,237,745.65)

Paragraph 603(i) of the Financial Regulations (FR) 2009, states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets etc."

Audit observed that:

i. The sum of ₦25,237,745.65 (Twenty five million, two hundred and thirty seven thousand, seven hundred and forty five naira, sixty five kobo) was paid for various activities including advertisement, allowances, procurement, visa applications among others between January 2019 and December, 2020, and

ii. Relevant supporting documents such as letters of award, delivery notes, invitation letters, job completion certificate, invoices, Store Receipt Vouchers etc. were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Payment for jobs not executed.
ii. Diversion of public funds.

Management's Response

No response

Recommendations:

The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for spending the sum of ₦25,237,745.65 (Twenty five million, two hundred and thirty seven thousand, seven hundred and forty five naira, sixty five kobo) on various items without supporting documents.
ii. Recover and remit the sum of ₦25,237,745.65 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 13: VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦42,124,920.00)

Paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the Financial Regulations (FR) 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. Eighteen (18) payments amounting to ₦42,124,920.00 (Forty two million, one hundred and twenty four thousand, nine hundred and twenty naira) were made to eighteen officers instead of the ultimate beneficiaries, and
ii. There was no evidence to confirm that the beneficiaries received the payments from the Officers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Diversion of public funds.
ii. Funds may not get to the beneficiaries.

Management Response

No response.

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the payment of ₦42,124,920.00 (Forty two million, one hundred and twenty four thousand, nine hundred and twenty naira) to persons other than the beneficiaries.
ii. Recover and remit the sum of ₦42,124,920.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 14: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT APPROVAL OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦12,235,341.08)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. The Board engaged the services of eleven (11) solicitors between March, 2019 and December, 2020 at a total of ₦12,235,341.08 (Twelve million, two hundred and thirty five thousand, three hundred and forty one naira, eight kobo) to carry out various legal services on its behalf, and
ii. The engagement of the solicitors together with payments for their services were done without the prior consent and approval of the Honourable Attorney-General of the Federation as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks
i. Engagement of inexperienced/unqualified solicitors.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦12,235,341.08 (Twelve million, two hundred and thirty five thousand, three hundred and forty one naira, eight kobo) paid for legal fees without the approval of the Honourable Attorney-General of the Federation.
ii. Recover and remit the sum of ₦12,235,341.08 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 15: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦18,921,100.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:
i. The Board granted twenty one (21) cash advances amounting to ₦18,921,100.00 (Eighteen million, nine hundred and twenty one thousand, one hundred naira) to some officers between January, 2019 and December, 2020.
ii. Some officers were granted multiple cash advances without retiring the previous ones.
iii. The cash advances were in excess of the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures, and
iv. The granting of advances in (i) above deprived the Federal Government of its revenue through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks
i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of ₦18,921,100.00 (Eighteen million, nine hundred and twenty one thousand, one hundred naira) as advances instead of award of contracts.
ii. Recover the sum of ₦18,921,100.00 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraph 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 16: PAYMENT FOR OVERSEAS TRAVELS AND CONFERENCES WITHOUT APPROVAL (=₦27,252,810.00)

Paragraph 2(i) of the Establishment Circular Ref. No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The Board incurred a total of ₦27,252,810.00 (Twenty seven million, two hundred and fifty two thousand, eight hundred and ten naira) between January and November, 2019 on international training and conferences, and
ii. Approval of the Secretary to the Government of the Federation or the Head of the Civil Service of the Federation as required by extant regulations was neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks
i. Waste of public funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, for foreign travels without approvals as required by extant regulations.
ii. Recover and remit the sum of ₦27,252,810.00 (Twenty-seven million, two hundred and fifty-two thousand, eight hundred and ten naira) to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committee of National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively as specified in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 17: IRREGULAR AWARD AND PAYMENT FOR CONTRACT (=₦45,629,073.43)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observed that:
i. The Board awarded four (4) contracts amounting to ₦77,330,000.00 (Seventy seven million, three hundred and thirty thousand naira) to two contractors for various items, and
ii. The sum of ₦45,629,073.43 (Forty five million, six hundred and twenty nine thousand seventy three naira forty three kobo) was paid to the contractors without Bill of Quantities and job specification.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censors Board, Abuja.

Risks
i. Diversion of public funds.
ii. Payment for job not done.

Management's Response
No response.

Recommendations
The Executive Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the irregular awards and payment for contracts amounting to ₦45,629,073.43 (Forty five million, six hundred and twenty nine thousand, seventy three naira, forty three kobo).
ii. Recover and remit to the Treasury the sum of ₦45,629,073.43.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 18: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦9,810,501.57)

Paragraph 2402(1) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulations, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. Seventy four (74) payments amounting to ₦9,810,501.57.00 (Nine million, eight hundred and ten thousand, five hundred and one naira, fifty seven kobo) were made by the Board for the purchase of store items between January 2019, and July 2020, and
ii. There was no evidence that the items procured were taken on ledger charge.

The above anomalies could be attributed to weaknesses in internal control system at the National Film and Video Censors Board, Abuja.

Risks

i. Waste of government funds.
ii. Diversion of public funds.
iii. Payment for items not supplied.

Management's Response

No response.

Recommendations

The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why store items procured for ₦9,810,501.57 .00 (Nine million, eight hundred and ten thousand, five hundred and one naira, fifty-seven kobo) were not taken on ledger charge.
ii. Account for the sum of ₦9,810,501.57 .00 (Nine million, eight hundred and ten thousand, five hundred and one naira, fifty-seven kobo) paid for store items not taken on ledger charge.
iii. Recover and remit to the Treasury, the sum of ₦9,810,501.57.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

RAILWAY PROPERTY MANAGEMENT COMPANY LIMITED (RPMCL)

At the Railway Property Management Company Limited, Kaduna, the following observations were made:

ISSUE 1: PAYMENT FOR DOUBTFUL SECURITY AND FACILITY SERVICES (=₦129,206,869.38)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦129,206,869.38 (One hundred and twenty nine million, two hundred and six thousand, eight hundred and sixty nine naira, thirty eight kobo) was paid as cost of security and facility services rendered in 2019.
ii. The payment was made based on the letter reference No. MDP./Vol.24/107 of 27th December, 2019 raised by the Nigeria Railway Corporation to the Managing Director, Railway Property Management Company Limited, requesting for funds to meet with their operational and other urgent financial obligations.
iii. There was noevidence that the services were rendered by the Nigeria Railway Corporation as the company could not producedocuments to justify the payment, and
iv. The payment process was completed in one day, 27th December, 2019.

The above anomalies could be attributed to weaknesses in the internal control system at the Railway Property Management Company Limited.

Risks

i. Payment for services not rendered.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify the payment of ₦129,206,869.38 (One hundred and twenty nine million, two hundred and six thousand, eight hundred and sixty nine naira, thirty eight kobo) for security and facility services without evidence of job done.
ii. Recover and remit to the Treasury, the sum of ₦129, 206,869.38.

iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, payment for job not executed and failure to manage public funds effectively specified in paragraphs 3106, 3104(iii) and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: UNAPPROVED VIREMENT FROM PERSONNEL COST (=₦40,216,997.80)

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦40,216,997.80 (Forty million, two hundred and sixteen thousand, nine hundred and ninety seven naira, eighty kobo) was paid from personnel vote for expenses not related to personnel cost, and
ii. The items paid for in (i) above included two (2) years rent for 2 blocks of 5 bedrooms duplex with boys' quarter in the sum of ₦24,720,000.00.

The above anomalies could be attributed to weaknesses in the internal control system at the Railway Property Management Company Limited, Kaduna State.

Risks
i. Diversion of public funds.
ii. Loss of government funds.

Management's Response
No response

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committee of the National Assembly, the payment of ₦40,216,997.80 (Forty million, two hundred and sixteen thousand, nine hundred and ninety seven naira, eighty kobo) from personnel costs for non-personnel related expenditure.
ii. Recover the sum of ₦40,216,997.80 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively should apply.

ISSUE 3: UNAPPROVED VIREMENT FROM PERSONNEL COST AND LOCAL TRAVEL SUB-HEADS TO PAY COMPANY INCOME TAX (=₦45,862,114.04)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The approved budget for Company Income Tax (CIT) was ₦150,000,000.00 (One hundred and fifty million naira).
ii. The sum of ₦195,862,114.04 (One hundred and ninety five million, eight hundred and sixty two thousand, one hundred and fourteen naira, four kobo) was the actual CIT paid, and
iii. The excess CIT of ₦45,862,114.04 (Forty five million, eight hundred and sixty two thousand, one hundred and fourteen naira, four kobo) was vired from personnel cost and local travel sub-heads without approval by the appropriate authority.

The above anomalies could be attributed to weaknesses in the internal control system at the Railway Property Management Company Limited, Kaduna State.

Risks

i. Diversion of public funds.
ii. Loss of government funds.

Management's Response

No response

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committee of the National Assembly, the payment of ₦45,862,114.04 (Forty five million, eight hundred and sixty two thousand, one hundred and fourteen naira, four kobo) from personnel costs for non-personnel related expenditure.
ii. Recover and remit the sum of ₦45,862,114.04 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively should apply.

ISSUE 4: NON-DEDUCTION OF STATUTORY STAMP DUTY (=₦776,384.75)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦776,384.75 (Seven hundred and seventy six thousand, three hundred and eighty four naira, seventy five kobo) was the amount due as 1% statutory stamp duty from payments to fifteen (15) contractors, and
ii. There was no evidence that the stamp duty was deducted from the payments to contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the Railway Property Management Company Limited, Kaduna State.

Risks

i. Loss of government revenue.
ii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Furnish reasons why statutory 1% stamp duty was not deducted from payments to contractors.
ii. Recover the sum of ₦776,384.75 (Seven hundred and seventy six thousand, three hundred and eighty four naira, seventy five kobo) and remit same to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112(ii) of the Financial Regulations 2009 should apply.

ISSUE 5: PAYMENT OF PUBLIC FUND INTO PERSONAL ACCOUNTS OF ZONAL/AREA MANAGERS (=₦2,491,929.00)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. The sum of ₦2,491,929.00 (Two million, four hundred and ninety one thousand, nine hundred and twenty nine naira) was paid for Radio jingles in Zonal and Area Offices.
ii. The payments in (i) above were effected through personal accounts of twelve (12) Zonal/Area Managers as special imprest instead of direct payments to the radio stations as required by extant regulations, and
iii. The company used a single receipt from GBN Communications Limited as evidence of retirement of the special imprest.

The above anomalies could be attributed to weaknesses in the internal control system at the Railway Property Management Company Limited, Kaduna State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify the payment of ₦2,491,929.00 (Two million, four hundred and ninety one thousand, nine hundred and twenty nine naira) for radio jingles into private accounts of Zonal/Area Managers.
ii. Recover and remit to the Treasury, the sum of ₦2,491,929.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to manage public funds effectively and gross misconduct specified in paragraphs 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 6: CONFLICT OF INTEREST IN RESPECT OF PAYMENT FOR AGENCY FEES (=₦2,472,000.00)

Section 57(9) of the Public Procurement Act 2007 states "Every public officer involved directly or indirectly in matters of public procurement and disposal of assets shall: (a) divest himself of any interest or relationships which are actually or potentially inimical or detrimental to the best interest of government and the underlining principles of this Act; and (b) not engaging or participate in any commercial transaction involving the federal government, its ministries, extra-ministerial departments, corporations where his capacity as public officer is likely to confer any unfair advantage – pecuniary or otherwise on him or any person directly related to him…" Furthermore, section 57(12) of the Public Procurement Act 2007 states "A conflict of interest exists where a person… (b) possesses a direct or indirect interest in or relationship with a bidder, supplier, contractor or service provider that is inherently unethical or that may be implied or constructed to be, or make possible personal gain due to the person's ability to influence dealings;…"

Audit observed that:

i. The Company rented two units of 5-bedroom residential duplex with boys-quarters at Mbora, along Idu Railway Station, Abuja in 2018 at the cost of ₦24,720,000.00 (Twenty four million, seven hundred and twenty thousand naira).
ii. The above rent was secured through an estate agent at an agreed fee of ₦2,472,000.00 (Two million, four hundred and seventy two thousand naira), and
iii. At the time of carrying on the agency business he was a contract staff, a Technical Advisor to the Chairman, of the Railway Property Management Company Limited, after his retirement from the services of the Company.

The above anomalies could be attributed to weaknesses in the internal control system at the Railway Property Management Company Limited, Kaduna State.

Risks

i. Waste of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the appointment of a staff, who was still on contract appointment, with the Railway Property Management Company Limited, as estate agent.
ii. Recover the sum of ₦2,472,000.00 (Two million, four hundred and seventy-two thousand naira) and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct specified in paragraphs 3106, 3115 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 7: PAYMENT OF OUT-OF-POCKET EXPENSES WITHOUT SUPPORTING DOCUMENTS (=₦2,358,000.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009, states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets etc."

Audit observed that:

i. The sum of ₦2,358,000.00 (Two million, three hundred and fifty eight thousand naira) was paid to staff of the Company as refund of out-of pocket expenses for Duty Tour Allowance, and
ii. Relevant supporting documents such as air tickets and receipts for airport drop off were neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Railway Property Management Company Limited, Kaduna State.

Risks

i. Payment for jobs not executed.
ii. Diversion of public funds.

Management's Response

No response

Recommendations

The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for spending the sum of ₦2,358,000.00 (Two million, three hundred and fifty eight thousand naira) on various items without supporting documents.
ii. Recover and remit the sum of ₦2,358,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 8: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦4,478,300.00)

Paragraph 1420 of Financial Regulations (FR) 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." Also, paragraph 1405 of Financial Regulations 2009 states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by instalment or otherwise." Also, Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all

local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007."

Audit observed that:

i. Eleven (11) cash advances totaling₦4,478,300.00 (Four million, four hundred and seventy eight thousand, three hundred naira) were granted to Officers of the Company for rendering of services and execution of minor works like renovation, painting, fencing and purchase of some store items.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the Company resulted in the loss of ₦492,613.00 (Four hundred and ninety two thousand, six hundred and thirteen naira) that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Railway Property Management Company Limited, Kaduna State.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

Noted. Strict compliance with extant rules on granting advances to staff would be ensured.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of ₦4,478,300.00 (Four million, four hundred and seventy eight thousand, three hundred naira) as advances instead of award of contracts.
ii. Recover the sum of ₦4,478,300.00 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

SECTION 4

FEDERAL CAPITAL TERRITORY ADMINISTRATION AND AREA COUNCILS AUDIT DEPARTMENT

GWAGWALADA AREA COUNCIL

At the Gwagwalada Area Council, Abuja, the following observations were made:

ISSUE 1: NON-REMITTANCE OF STATUTORY STAMP DUTY (=₦1,219,138.00)

Paragraph 620 of the Financial Regulations (FR) 2009 provides that Receipts given on paid vouchers are liable to Stamp Duty in accordance with the Stamp Duties Ordinance (Stamp Duties Act Cap.411). Also, paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:

i. The sum of ₦121,913,800.00 (One hundred and twenty one million, nine hundred and thirteen thousand, eight hundred naira) was paid for contracts awarded in 2020, and
ii. The Area Council failed to deduct and remit statutory 1% Stamp Duty of ₦1,219,138.00 (One million, two hundred and nineteen thousand, one hundred and thirty eight naira) from payments to the contractors as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Gwagwalada Area Council, FCT, Abuja.

Risks

i. Loss of revenue to the Government.
ii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Executive Chairman should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-deduction of statutory Stamp Duty from payments to contractors amounting to ₦1,219,138.00 (One million, two hundred and nineteen thousand one hundred and thirty eight naira).
ii. Recover the sum of ₦1,219,138.00 from the contractors and remit same to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

FCT SOCIAL DEVELOPMENT SECRETARIAT

At the FCT Social Development Secretariat, Abuja, the following observations were made:

ISSUE 1: UNSUBSTANTIATED REPLACEMENT OF STOLEN ITEMS (=₦5,000,000.00)

Paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." In addition, paragraph 603(i) of the FR states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Also, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. A sum of ₦5,000,000.00 (Five million naira) was paid to an officer of the Secretariat on 31st December, 2020 for urgent repairs and replacement of stolen items at the FCT NYSC Secretariat, and
ii. Relevant documents such as the paid voucher, details of items repaired/replaced, and police reports of the stolen items were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Social Development Secretariat.

Risks

i. Loss of government fund.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦5,000,000.00 (Five million naira) for unsubstantiated repairs and replacement of stolen items.
ii. Recover and remit the sum of ₦5,000,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular or wrong payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦130,219,452.00)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the FR 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised."

Audit observed that:

i. The sum of ₦130,219,452.00 (One hundred and thirty million, two hundred and nineteen thousand, four hundred and fifty two naira) was paid through one hundred and twelve (112) vouchers to various beneficiaries, and
ii. The paid vouchers and other supporting documents were not presented for audit contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Social Development Secretariat.

Risks

i. Loss of government funds.
ii. Payment for unapproved expenditure.

Management's Response

No response.

Recommendations

The Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why one hundred and twelve (112) vouchers used to effect payments to various beneficiaries were not presented for audit.
ii. Account for the sum of ₦130,219,452.00 (One hundred and thirty million two hundred and nineteen thousand four hundred and fifty two naira) paid to various beneficiaries.
iii. Recover and remit to the Treasury, the sum of ₦130,219,452.00.
iv. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 3: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦67,278,640.00)

Paragraph 2402(1) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulations, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. Store items valued at ₦67,278,640.00 (Sixty seven million two hundred and seventy eight thousand six hundred and forty naira) were purchased through cash advances, and
ii. The items were not taken on ledger charge, contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Social Development Secretariat.

Risks

i. Loss of government funds.
ii. Payment for items not supplied.

Management's Response

No response.

Recommendations

The Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why store items procured for ₦67,278,640.00 (Sixty seven million two hundred and seventy eight thousand six hundred and forty naira) were not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦67,278,640.00.
iii. Forward evidence of payment to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: UNSPENT FUND FOR PARTICIPATION IN THE NATIONAL SPORT FESTIVAL 2020 NOT RETURNED TO THE TREASURY (=₦165,488,599.00)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Two (2) payments totaling ₦165,488,599.00 (One hundred and sixty-five million four hundred and eighty-eight thousand five hundred and ninety-nine naira) were made into the personal account of the Acting Secretary/Director of Sports who also doubled as the Director of the Finance and Administration of the Secretariat in 2020.
ii. The payments were for the 20th National Sports Festival activities expected to take place in Edo State between 20th, March to 3rd April, 2020.
iii. The Sports Festival was not held due to COVD-19 pandemic, and
iv. There was no evidence that the advances were retired at the time of exit of the Acting Secretary/Director of Sports from the Service.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Social Development Secretariat.

Risks

i. Loss of government fund
ii. Misappropriation of government fund.

Recommendations

The Secretary should be requested to:

i. Account for the sum of ₦165,488,599.00 (One hundred and sixty-five million four hundred and eighty-eight thousand five hundred and ninety-nine naira) paid to the Acting Secretary/Director of Sports of the Secretariat.
ii. Recover and remit the sum of ₦165,488,599.00 to the Treasury.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ABUJA URBAN MASS TRANSPORT COMPANY LIMITED

At the Abuja Urban Mass Transport Company, Abuja, the following observations were made:

ISSUE 1: VIOLATION OF E-RECEIPT POLICY OF THE FEDERAL GOVERNMENT (=₦25,235,000.00)

Paragraph 2 of the Treasury Circular Ref. No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March 2015 states "With effect from 1st April 2015, all payments due to the Federal

Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government."

Audit observed that:

i. The sum of ₦25,235,000.00 (Twenty five million, two hundred and thirty five thousand naira) was collected in cash from customers with official receipts of AUTMCO issued accordingly.
ii. The collections in (i) above could not be traced to the Bank Statement, and
iii. Evidence of e-Ticket for the collection was not attached to the duplicate copies of the receipts for justification and confirmation.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Urban Mass Transport Company Limited.

Risks

i. Diversion of public funds.
ii. Misappropriation of government fund.

Management's Response

No response.

Recommendations

The Managing Directorshould be requested to:

i. Account for the sum of ₦25,235,000.00 (Twenty five million, two hundred and thirty five thousand naira) collected from various customers.
ii. Recover and remit to the Treasury the sum of ₦25,235,000.00.
iii. Forward evidence of remittanceto the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: UNRETIRED CASH ADVANCES (=₦10,217,900.00)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦10,217,900.00 (Ten million, two hundred and seventeenthousand, nine hundred naira) was granted to officers as cash advances for various assignments.
ii. There was no evidence of retirement as at the time of the audit inspection, and
iii. Five (5) of the officers concerned were granted advances in excess of ₦200,000.00 threshold contrary to the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Urban Mass Transport Company Limited.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

i. The cash advances in question were given to accounts officers/procurement officers to buy various items mostly Bus spare parts. These parts could not be procured through LPO's because of paucity of funds and were brought off the shelves in other to save cost and meet up the urgency at the time they were required.
ii. The observed multiple cash advance on the same day for spare parts were done based on the need of each Bus and the exigency of the job in question.
iii. Multiple cash advances on different days were mostly payment for staff training.
iv. AUMTCO did not issued cash advance(s) above the threshold of ₦200,000.00

Recommendations:

The Managing Directorshould be requested to:

i. Recover the sum of ₦10,217,900.00 (Ten million two hundred and seventeen thousand, nine hundred naira) being unretired cash advances granted to Officers of the Company.
ii. Remit to Treasury, the sum of ₦10,217,900.00.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of advances specified in paragraph 3124 of the Financial Regulations 2009 should apply.

FCT-INTERNAL REVENUE SERVICE

At the FCT-Internal Revenue Service, Abuja, the following observations were made:

ISSUE 1: UNSUBSTANTIATED TRANSFERS IN THE BANK STATEMENT (=₦111,591,879.27)

Paragraphs 807 of the Financial Regulations (FR) 2009 states "Sub-Accounting Officers will ensure that all outstanding items in the Bank Reconciliation Statement are cleared expeditiously. In this regard: …(b) Payments (debits) in Bank not in cashbook should be thoroughly investigated and brought into cash book at the earliest possible time. (c) Prompt action should always be taken to obtain bank advices to confirm the various entries in the bank statement as the effectiveness of the Bank Reconciliation Statement lies in the prompt clearance of outstanding items. (d) Schedules which usually support Bank Reconciliation Statements should be sufficiently informative to facilitate effective clearance action."

Audit observed that:

i. The sum of ₦111,591,879.27 (One hundred and eleven million five hundred and ninety one thousands eight hundred and seventy-nine naira, twenty seven kobo) wastransferred to another account with a description of "Account to Account Transfer" in the Bank Statement, and
ii. Details of the "Account to Account Transfer" were not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Internal Revenue Service.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

As at October 2020, the CBN adopted a style of reporting debit transactions in their statements. In which a debit amount could reflect a single batch payment or sum of multiple batch payments from remita's mandate. In this case, the amount of ₦111,591,879.27 is a sum of multiple batch payments presented to remita for disbursement**.**

Recommendations

The Chairman should be requested to:

i. Account for the sum of ₦111,591,879.27 (One hundred and eleven million five hundred and ninety one thousands eight hundred and seventy nine naira, twenty seven kobo) transferred to other accounts.
ii. Provide the payment mandate for the debits in the Bank Statements amounting to ₦111,591,879.27, and
iii. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: UNRECEIPTED PAYMENT TO FCTA TREASURY (=₦3,137,267,915.42)

Paragraph 202 of the Financial Regulations (FR) 2009 states "Except otherwise expressly provided, every Sub-Accounting Officer or Revenue Collector shall issue a receipt which bear the stamp of the office of issue upon the prescribed form for each sum paid to him. Under no circumstance shall temporary or privately printed receipts be utilized for the collection of government revenue". Paragraph 619 of the FR 2009 states "Any payment due to or receipted by anygovernment officer in his official capacity shall be paid to the Treasury for which official receipt shall be obtained".

Audit observed that:

i. The sum of ₦3,137,267,915.42 (Three billion, one hundred and thirty seven million two hundred and sixty seven thousand, nine hundred and fifteen naira, forty two kobo) generated by FIRS in 2020 was reported as part of the total revenue generated from the collection of all classes of taxes by the FCT Internal Revenue Service in 2020.

ii. This amount was claimed to have been remitted directly to the Treasury of the Federal Capital Territory Administration by the FIRS. However, no evidence was given to support this claim, and
iii. Also analysis of different class of taxes that made up the total collections could not be provided.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Internal Revenue Service, Abuja.

Risks
i. Loss of government funds.
ii. Diversion of government fund.

Management's Response
Collections received on behalf of FCT-IRS by FIRS are remitted directly to Federal Capital Territory Administration through the Accountant-General of the Federation. As such no receipt was issued or sent to FCT-IRS

Recommendations
The Chairman should be requested to:
i. Provide copy of the official receipt issued or evidence of collection by the FCTA Treasury to support the payment of the sum of ₦3,137,267,915.42 (Three billion, one hundred and thirty-seven million two hundred and sixty-seven thousand, nine hundred and fifteen naira, forty-two kobo) to the Public Accounts Committee of the National Assembly;
ii. Provide evidence of remittance of the sum of ₦3,137,267,915.42 (Three billion, one hundred and thirty-seven million two hundred and sixty-seven thousand, nine hundred and fifteen naira, forty-two kobo) by FIRS to the Federation Account, and
iii. Otherwise, sanctions relating to failure to account for Government revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 3: UNDERSTATEMENT OF ACCOUNT BALANCE (=₦11,742,401.10)

Paragraph 716 of the Financial Regulations (FR) 2009, states “All officers authorized to keep bank accounts must compare on weekly basis, and at the close of each month, the entries appearing in the bank statements with those in their cash books and effect early clearance of outstanding items (see Regulation 807). At the end of the month, a bank statement signed by the manager of the bank, shall be submitted with the monthly transcript and accompanied with a reconciliation statement signed by the Sub-Accounting Officer (see Regulation 806)”.

Audit observed that:
i. The operation accounts of FCT- Internal Revenue Service, maintained with the Central Bank of Nigeria was not properly reconciled for the period January to December, 2020.
ii. The closing balance as of the operation accounts at 31st August, 2020 was ₦3,838,430,572.77 (Three billion, eight hundred and thirty eight million, four hundred and thirty thousand, five hundred and seventy two naira, seventy seven kobo) while on the 1st of September, 2020 the opening balance was reflected as ₦3,827,350,494.11 (Three

billion eight hundred and twenty seven million, three hundred and fifty thousand four hundred and ninety four naira, eleven kobo).

iii. Another closing balance of the operation accounts as at 31st October, 2020 was ₦3,627,683,832.95 (Three billion, six hundred and twenty seven million six hundred and eighty three thousand, eight hundred and thirty two naira, ninety five kobo) while on the 1st of November, 2020 the opening balance was reflected as ₦3,627,021,510.45 (Three billion, six hundred and twenty seven million, twenty one thousand, five hundred and ten naira, forty five kobo), and

iv. The discrepancies in (ii) and (iii) led to an understatement of ₦11,742,401.10 (Eleven million, seven hundred and forty two thousand, four hundred and one naira, ten kobo) in the bank balances.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Internal Revenue Service.

Risks

i. Loss of government revenue.
ii. Difficulty in funding budget.

Management's Response

A letter has been forwarded to the CBN Branch controller requesting a reconciliation & rectification concerning the differences in balances between August, September & October 2020.

Recommendations

The Chairman should be requested to:

i. Provide justification to the Public Accounts Committee of the National Assembly, the understatement of ₦11,742,401.10 (Eleven million, seven hundred and forty two thousand, four hundred and one naira, ten kobo) in the operation accounts of FCT-Internal Revenue Service.
ii. Recover the sum of ₦11,742,401.10 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for Government revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

SATELITE TOWN DEVELOPMENT DEPARTMENT

At the Satellite Town Development Department, Abuja, the following observations were made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦5,034,200.00)

Paragraph 1405 of the Financial Regulations (FR) 2009, states “Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise.”

Also, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦5,034,200.00 (Five million, thirty four thousand, two hundred naira) was granted as cash advances to officers of Satellite Town Development Department, Abuja to carry out various assignments in 2019, and
ii. There was no evidence that the advances in (i) above were retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Satellite Town Development Department.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

Your comments on the unretired cash advances for the sum of ₦5,043,200.00 were noted. Please note that all cash advances granted to staff in 2019 were dully retired.

Recommendations

The Co-ordinatorshould be requested to:

i. Account for the sum of ₦5,034,200.00 (Five million, thirty four thousand, two hundred naira) granted as cash advances.
ii. Recover and remit the sum of ₦5,034,200.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of advances stated in paragraph 3124 of the Financial Regulations 2009 should apply.

ISSUE 2: ILLEGAL POSSESSION OF GOVERNMENT VEHICLE (=₦5,000,000.00)

Paragraph 160202 of the Public Service Rule (PSR) 2008 states "…No part time Member of the Board shall be allowed to retain official vehicle for use on a permanent basis." Also, paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…" Also, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;"

Audit observed that:

i. A Toyota Hilux Van with Registration No. CT 395 A11, Engine Number 3RZ-FE 2690 and Chassis No. JTFDM626900036190 was purchased in 2005.

ii. A staff of the Regional Infrastructure Unit of the Department, who retired in 2016, absconded with the vehicle in (i) above.
iii. The staff was fully paid his entitlement at the point of exit from the service despite not handing over the official vehicle, and
iv. The written down value of the vehicle as at the time of his retirement was ₦5,000,000.00 (Five million naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Satellite Town Development Department.

Risks
i. Loss of government Assets.
ii. Waste of government resources.
iii. Conversion of government property.

Management Response
Your findings were noted. Please we want to inform you that the said Hilux Van is strongly depreciated in value and currently immovable.

Recommendations
The Co-ordinatorshould be requested to:
i. Provide evidence of boarding the vehicle to the retired officer to the Public Accounts Committees of the National Assembly.
ii. Recover the sum of ₦5,000,000.00 (Five million naira) from the retired officer and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 3: PAYMENT FOR TRAINING AND WORKSHOP WITHOUT EVIDENCE OF EXECUTION (=₦5,255,000.00)

Paragraph708 of the Financial Regulations (FR) 2009 states “On no account should payment be made for services not yet performed or for goods not yet supplied.” Furthermore, paragraph 603(i) of the FR 2009 states “All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc.” In addition, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.

Audit observed that:
i. The Department made payments totaling ₦5,255,000.00 (Five million two hundred and fifty five thousand naira) on training and workshop organized for some of the officers, and

ii. The payments were made without evidence of execution such as job completion certificate, attendance register, etc.

The above anomalies could be attributed to weaknesses in the internal control system at the Satellite Town Development Department.

Risks

i. Loss of government funds.
ii. Payment for services not rendered.
iii. Diversion of government funds.

Management's Response

No response

Recommendations

The Co-ordinatorshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦5,255,000.00 (Five million two hundred fifty five thousand naira) for staff training and workshop without evidence of execution.
ii. Recover and remit the sum of ₦5,255,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and failure to spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations 2009 respectively, should apply.

FCT WATER BOARD

At the FCT Water Board, Abuja, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states “The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant General not later than 31st May of the following year of Account.”

In spite of the extant regulations:

i. The FCT Water Board failed to submit its audited financial statements for years 2018 to 2020 to the Office of the Auditor-General for the Federation, and
ii. The above practice by the Board contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Water Board, Abuja.

Risks

i. Impediments to Public Accounts Committees' oversights.
ii. Sub-optimal decisions by those charged with governance.

Management's Response

FCT Water Board is an Agency under the Federal Capital Territory Administration (Parent Ministry). It is the responsibility of the parent Ministry through the office of FCT Audit to appoint External Auditors for the Board. The late submission of the Audited Accounts to the relevant authorities is as a result of the delay in the appointment of External Auditors. As at the time of your audit, the Board External Auditors have submitted the draft copy, 2018 and 2019 Financial Statements and Domestic Reports which we are finalizing for submission to your office and other relevant authorities.

Recommendations

The General Manager should be requested to:

i. Submit the audited financial statements, in respect of 2018 to 2020 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦37,110,031.50)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Board made payments totaling ₦37,110,031.50 (Thirty seven million, one hundred and ten thousand, thirty one naira, fifty kobo) for various expenditure, and
ii. he payments were made without attaching relevant supporting documents such as invoices, store receipt vouchers, internal audit certificate etc.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Water Board, Abuja.

Risks

i. Loss of government funds.
ii. Payment for services not rendered.
iii. Diversion of public funds

Management's Response
No response.

Recommendations
The General Manager should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly the payment of ₦37,110,031.50 (Thirty seven million, one hundred and ten thousand, thirty one naira, fifty kobo) for various expenditures without supporting documents.
ii. Recover the sum of ₦37,110,031.50 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 3: DENIAL OF ACCESS TO RECORDS OF CONTRACTS (=₦968,779,662.50)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, section 38(5) of the Public Procurement Act 2007 states "The records and documents maintained by procuring entities on procurement shall be made available for inspection by the Bureau, an investigator appointed by the Bureau and the Auditor-General upon request, and where donor funds have been used for procurement, donor officials shall also have access upon request to procurement files for the purpose of audit and review." In addition, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The sum of ₦968,779,662.50 (Nine hundred and sixty eight million, seven hundred and seventy nine thousand, six hundred and sixty two naira, fifty kobo) was paid to twenty five (25) contractors for various services in 2019, and
ii. Relevant books and records for these contracts were not presented for audit contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Water Board, Abuja.

Risks
i. Loss of government funds
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The General Manager should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦968,779,662.50 (Nine hundred and sixty eight million, seven hundred and seventy nine thousand, six hundred and sixty two naira, fifty kobo) without relevant documents.
ii. Recover and remit to the Treasury the sum of ₦968,779,662.50.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 4: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦32,733,253.00)

Section 19 of Public Procurement Act 2007 states “Subject to regulations as may from time to time be made by the Bureau, under direction of Council, a procuring entity shall, in implementing its procurement plans: (a) advertise and solicit for bids in adherence to this Act and guidelines as may be issued by the Bureau from time to time; (b) to invite two credible persons as observers in every procurement process one person each representing a recognized; (i) private sector professional organization whose expertise is relevant to the particular goods or service being procured, and (ii) non-governmental organization working in transparency, accountability and anti-corruption areas, and the observers shall not intervene in the procurement process but shall have right to submit their observation report to any relevant agency or body including their own organizations or associations; (c) receive, evaluate and make a selection of the bids received in adherence to this Act and guidelines as may be issued by the Bureau from time to time; (d) obtain approval of the approving authority before making an award."

Audit observed that:
i. The sum of ₦32,733,253.00 (Thirty two million, seven hundred and thirty three thousand, two hundred and fifty three naira) was paid to various contractors in 2019 without regard to due process, and
ii. Relevant documents such as tenders, certificate of incorporation, tax clearance certificate, quotations from different suppliers etc. were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Water Board, Abuja

Risks
i. Diversion of government funds.
ii. Engagement of unqualified contractor.

Management's Response
No response.

Recommendations
The General Manager should be requested to:
i. Account for the sum of ₦32,733,253.00 (Thirty two million, seven hundred and thirty three thousand, two hundred and fifty three naira) being payments for contracts without due process.

ii. Recover and remit to the Treasury the sum of ₦32,733,253.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 5: UNRETIRED CASH ADVANCES (=₦5,388,650.00)

Paragraph 1011(i) of the Financial Regulations (FR) 2009 states "All standing imprests must be retired on or before the 31st December of the financial year in which they are issued while Special Imprests shall be retired immediately the reasons for which they were granted cease to exist. Retirement will be effected by the production of vouchers and/or cash for the full amount of the imprest." In addition, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:
i. The sum of ₦5,388,650.00 (Five million, three hundred and eighty eight thousand, six hundred and fifty naira) was granted as cash advances to officers of FCT Water Board, Abuja to carry out various assignment in 2019, and
ii. The advances remained unretired as at the time audit was carried out.

The above anomalies could be attributable to weakness in the internal control system at the FCT Water Board, Abuja.

Risks
i. Diversion of public funds.
ii. Loss of Government Funds.

Management's Response
No response.

Recommendations
The General Manager should be requested to:
i. Account for the sum of ₦5,388,650.00 (Five million, three hundred and eighty eight thousand, six hundred and fifty naira) was granted as cash advances to officers of FCT Water Board.
ii. Recover and remit to the Treasury, the sum of ₦5,388,650.00.
iii. Forward evidence of payment to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of advances specified in paragraph 3124 of the Financial Regulations 2009 should apply.

ISSUE 6: NON-PROVISION OF ADEQUATE RECORDS ON TRAINING (=₦6,327,184.28)

Paragraph 603 (i) of the Financial Regulations (FR) 2009 states “All vouchers shall contain fullparticulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The Department made payments totaling ₦6,327,184.28 (Six million, three hundred and twenty seven thousand, one hundred and eighty four naira, twenty eight kobo) on training organized for some officers, and
ii. The payments were made without any evidence or certificate of attendance to authenticate the genuineness of the activities.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Water Board, Abuja.

Risks

i. Loss of government funds.
ii. Payment for services not rendered.

Management's Response

No response

Recommendations

The General Manager should be requested to:

i. Justify the payment of ₦6,327,184.28 (Six million, three hundred and twenty seven thousand, one hundred and eighty four naira, twenty eight naira) for staff training.
ii. Recover the sum of ₦6,327,184.28 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 7: ITEMS NOT TAKEN ON STORE LEDGER CHARGE (=₦5,042,600.00)

Paragraph 2302(ii) of the Financial Regulations (FR) 2009, states “On no account shall special imprest or cash advance be used in place of Local Purchase Orderor Job Order of the procurement of stores locally.” Also, paragraph 2402(i) of the FR 2009 states “On all paid vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O.”

Audit observed that:

i. Store items valued at ₦5,042,600.00 (Five million, forty two thousand, six hundred naira) were purchased through cash advances but were not taken on store ledger charge, and
ii. The dates of the Internal Audit Forms that certifies the supply of the items in (i) above, preceded the date of Store Receipt Voucher.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Water Board, Abuja.

Risks

i. Loss of government funds.
ii. Payment for items not supplied.

Management's Response

No response.

Recommendations

The General Manager should be requested to:

i. Account for the sum of ₦5,042,600.00 (Five million, forty two thousand, six hundred naira) being payment for items not taken on store ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦5,042,600.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

SECTION 5

FEDERAL POLYTECHNICS AND COLLEGES OF EDUCATION AUDIT DEPARTMENT

FEDERAL COLLEGE OF EDUCATION (TECHNICAL), ASABA

At the Federal College of Education (Technical), Asaba, the following observations were made:

ISSUE 1: IRREGULAR PAYMENT OF ALLOWANCES TO THE COLLEGE PROVOST (=₦11,700,000.00)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC ActCAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦11,700,000.00 (Eleven million, seven hundred thousand naira) was paid, through ten (10) transactions, to three (3) officers of the College, between April, 2019 and November, 2020, as "Provost Security votes and allowances".
ii. There was no evidence that the allowances in (i) above were approved by the National Salaries Income and Wages Commission, and
iii. The details of the allowances were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Asaba.

Risks

i. Waste of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly,the sum of ₦11,700,000.00 (Eleven million, seven hundred thousand naira) paid as "Provost Security votes and allowances".
ii. Recover and remit the sum of ₦11,700,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT OF IMPREST TO THE COLLEGE CASHIER (=₦12,779,214.00)

Paragraph 1022 of the Financial Regulations (FR) 2009 states "All standing imprest must be retired on or before the 31st December of the financial year in which they are issued while Special Imprests shall be retired immediately the reasons for which they were granted cease to exist. Retirement will be effected by the production of vouchers and/or cash for the full amount of the imprest", Furthermore, paragraph 1014 of the FR 2009 states "The limit of reimbursable standing Imprest shall be as follows:

Honourable Minister	₦300,000.00
Permanent Secretary and Director General	₦200,000.00
Director/Head of Department	₦100,000.00
Head of Formation in each state and any other Imprest Holder	₦60,000.00

Audit observed that:

i. The sum of ₦12,779,214.00 (Twelve million, seven hundred and seventy nine thousand, two hundred and fourteen naira) was paid, through Seventeen (17) transactions, to the College cashier between March, 2019 and December, 2020 as imprest reimbursement.
ii. In January, 2020, the cashier was paid the sum of ₦1,000,000.00 as imprest reimbursement contrary to the provisions of extant regulations, and
iii. There was no evidence of retirement of the amounts paid as imprest as at February, 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Asaba.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,779,214.00 (Twelve million, seven hundred and seventy nine thousand, two hundred and fourteen naira) being irregular payment of imprest reimbursement.
ii. Recover and remit to the treasury, the sum of ₦12,779,214.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: IRREGULAR TRANSFER OF FUND FROM PERSONNEL ACCOUNT TO MICRO FINANCE BANK (=₦36,270,803.61)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦36,270,803.61 (Thirty six million, two hundred and seventy thousand, eight hundred and three naira, sixty one kobo) was transferred from the College personnel account to two Micro Finance Banks between January, 2019 to December, 2020.
ii. The transfers were monthly deductions from salaries of staff that obtained credit facilities from the Micro Finance Banks, and
iii. The schedules containing information such as names of officers that obtained the credit facilities, amount of credit facilities obtained, mode of loan repayment and monthly deductions from salary of the affected staff, etc. were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Asaba.

Risks

i. Possibility of irregular transfers and payment.
ii. Diversion of Government funds into private account.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦36,270,803.61 (Thirty six million, two hundred and seventy thousand, eight hundred and three naira, sixty one kobo) being the irregular transfer of funds from the College personnel account to two micro-finance banks.
ii. Recover and remit the sum of ₦36,270,803.61 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 4: UNAPPROVED VIREMENT FOR PAYMENT OF PROMOTION ARREARS (=₦16,085,897.14)

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of the Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The College made payments amounting to ₦16,085,897.14 (Sixteen million, eighty five thousand, eight hundred and ninety seven naira, fourteen kobo) from its 2019 Internally Generated Revenue, and
ii. The amount in (i) above was used to offset the College's 2016 and 2017 promotion and salary increment arrears without evidence of approval by the National Assembly, and
iii. The payment in (i) above should have been made from the College's personnel budget in accordance with the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Asaba.

Risks

i. Misapplication of funds.
ii. Waste of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,085,897.14 (Sixteen million, eighty five thousand, eight hundred and ninety seven naira, fourteen kobo) being unapproved virement from the College's internally generated revenue as promotion and salary increment arrears.
ii. Recover and remit to the Treasury, the sum of ₦16,085,897.14.
iii. Forward evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions related to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

FEDERAL COLLEGE OF EDUCATION BICHI, KANO STATE

At the Federal College of Education Bichi, Kano State, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦27,797,695.18)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:

i. The sum of ₦111,190,780.70 (One hundred and eleven million, one hundred and ninety thousand, seven hundred and eighty naira, seventy kobo) was the Internally Generated Revenue (IGR) of the College for the year 2020, and
ii. The College did not remit the sum of ₦27,797,695.18 (Twenty-seven million, seven hundred and ninety-seven thousand, six hundred and ninety-five naira, eighteen kobo), being 25% of the IGR, to the Consolidated Revenue Fund (CRF) as at May 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education Bichi, Kano State.

Risks

i. Loss of government revenue.
ii. Difficulty in funding government budget.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Remit the sum of ₦27,797,695.18 (Twenty seven million, seven hundred and ninetyseven thousand, six hundred and ninety five naira, eighteen kobo) being 25% of IGR for the year 2020 to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 2: NON-REMITTANCE OF STATUTORY STAMP DUTY (=₦4,498,923.72)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid."

Audit observed that:

i. The college made seventeen (17) payments totaling ₦449,892,372.39 (Four hundred and forty nine million, eight hundred and ninety two thousand three hundred and seventy two naira, thirty nine kobo) for contracts awarded in 2020, and
ii. The statutory 1% stamp duty amounting to ₦4,498,923.72 (Four million, four hundred and ninety eight thousand, nine hundred and twenty three naira, seventy two kobo) was not remitted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education Bichi, Kano State.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding budget

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,498,923.72 (Four million, four hundred and ninety-eight thousand, nine hundred and twentythree naira, seventy-two kobo) being unremitted 1% stamp duty.
ii. Recover and remit the sum of ₦4,498,923.72 to the Federal Inland Revenue Service.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 3: UNSUBSTANTIATED PAYMENT FOR CONFERENCES, COURSES AND TRAININGS (=₦64,386,910.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c." Furthermore, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditures to exercise due economy. Money must not be spent merely because it has been voted".

Audit observed that:

i. The College made seven (7) payments totaling ₦64,386,910.00 (Sixty four million, three hundred and eighty six thousand, nine hundred and ten naira) from Revenue and TETFUND accounts in the year 2020 to sponsor some officers to attend conferences, training programmes and vocational education courses at some universities in Europe and Malaysia, and
ii. Evidence such as invitation letters, admission letters, certificates, progress reports, etc were not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education Bichi, Kano State.

Risks

i. Payments for services not rendered.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦64,386,910.00 (Sixty four million, three hundred and eighty six thousand, nine hundred and ten naira) being unsubstantiated payment for foreign courses.
ii. Recover and remit to the Treasury, the sum of ₦64,386,910.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦30,877,300.00)

Paragraph 601 of the Financial Regulations (FR) 2009 states "All payments entries in the cashbook/account shall be vouched for on one of the prescribed treasury forms. Vouchers

shall be made out in favor of the person(s) to whom the money is actually due. Under no circumstances shall a cheque be raised, or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR 2009 states "The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..."

Audit observed that:

i. The sum of ₦30,877,300.00 (Thirty million, eight hundred and seventy-seven thousand, three hundred naira) was paid between February and December, 2020, and
ii. Fifteen (15) vouchers that were used for the payments in (i) above did not pass through pre-payment audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education Bichi, Kano State.

Risks

i. Payments for unapproved expenditure.
ii. Payment for job not executed.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦30,877,300.00 (Thirty million, eight hundred and seventy seven thousand, three hundred naira) as payments without pre-payment audit.
ii. Recover the sum of ₦30,877,300.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦86,864,500.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible

for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦86,864,500.00 (Eighty six million, eight hundred and sixty four thousand, five hundred naira) was paid through ten (10) vouchers in 2020, and
ii. Relevant supporting documents such as letter of award, bills, and details of the cost were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education Bichi, Kano State

Risks

i. Payment for job not executed.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦86,864,500.00 (Eighty six million, eight hundred and sixty four thousand, five hundred naira) paid without attaching relevant supporting documents.
ii. Recover the sum of ₦86,864,500.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

FEDERAL COLLEGE OF EDUCATION POTISKUM, YOBE

At the Federal College of Education Potiskum, Yobe state, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦91,457,002.75)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:

i. The College generated the sum of ₦365,828,011.02 (Three hundred and sixty-five million, eight hundred and twenty eight thousand, eleven naira and two kobo) for the period 2018 to 2020 as shown in the Table below, and

YEARS	AMOUNT GENERATED (₦)
2018	211,702,096.40
2019	108,439,375.50
2020	45,686,539.12
TOTAL	**365,828,011.02**

ii. The College was yet to remit the sum of ₦91,457,002.75 (Ninety one million, four hundred and fifty seven thousand, two naira seventy five kobo), being 25% of the amount generated at the time of audit in February 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education Potiskum, Yobe State.

Risks

i. Loss of government revenue.
ii. Difficulty in funding government budget.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly for the sum of ₦91,457,002.75 (Ninety one million, four hundred and fifty seven thousand, two naira and seventy five kobo) being non-remittance of 25% internally generated revenue.
ii. Remit the sum of ₦91,457,002.75 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations 2009 should apply.

FEDERAL COLLEGE OF EDUCATION, YOLA, ADAMAWA STATE

At the Federal College of Education, Yola, Adamawa State, the following were observed:

ISSUE 1: GOVERNMENT VEHICLE TAKEN AWAY BY THE FORMER COUNCIL CHAIRMAN

Paragraph 160202 of the Public Service Rule (PSR) 2008 states "…No part time Member of the Board shall be allowed to retain official vehicle for use on a permanent basis." Also,

paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…"Also, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;"

Audit observed that:

i. A Peugeot 307 Saloon Car with Registration No. FG 41-U48 and Chassis No. VF33DN68L/851-47732 was taken away by a former Council Chairman of the College, and
ii. The College failed to produce evidence of boarding the vehicle to the former Council Chairman.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Yola, Adamawa State.

Risks

i. Waste of government resources.
ii. Diversion of government asset.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly for the Peugeot 307 Saloon Car with Registration No. FG 41-U48 and Chassis No. VF33DN68L/851-47732.
ii. Recover the vehicle from the former Council Chairman and forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations should apply.

ISSUE 2: AWARD OF CONTRACTS ABOVE THE THRESHOLD OF THE PROVOST (=₦19,695,000.00)

Paragraph 1 of the Establishment Circular Ref. No. SGF/OP/I/S.3/XI/849 of 14th January, 2016 states "…Mr. President has approved the revision of Prior Review Thresholds for Service-Wide Application for procurement of Goods, Works and Services as follows:

Approving Authority/"No Objection" to award	Goods	Works	Non-Consultant/Services
BPP Certificate of "No Objection" to Contract	₦100 million and above	₦500 million and above	₦100 million and above

award/FEC approved			
Ministerial Tenders Board	₦5 million and above but less than ₦100 million	₦10 million and above but less than ₦500 million	₦5 million and above but less than ₦100 million
Parastatal Tenders Board	₦2.50 million and above but less than ₦50 million	₦5 million and above but less than ₦250 million	₦2.50 million and above but less than ₦50 million
Accounting Officer: Permanent Secretary	Less than ₦5 million	Less than ₦10 million	Less than ₦5 million
Accounting Officer: Director General/CEO	Less than ₦2.50 million	Less than ₦5 million	Less than ₦2.50 million

Audit observed that:

i. The Provost approved the award of three (3) contracts totaling ₦19,695,000.00 (Nineteen million, six hundred and ninety five thousand naira) as shown in the Table below.

S/N	PURPOSE OF PAYMENT	PV NO	DATE	AMOUNT ₦
1	Being payment for the cost of printing examination booklets with serial number	218	18/3/2020	8,137,500.00
2	Being payment for the cost of production of academic gowns for the College	140	6/03/2020	4,837,500.00
3	Being payment for printing of students file jacket to the College	56	18/12/2020	6,720,000.00
	TOTAL			**19,695,000.00**

ii. The approval granted for each of the contract by the Provost was above his threshold of ₦2,500,000.00 (Two million, five hundred thousand naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Yola, Adamawa State.

Risks

i. Award of contract to incompetent contractors.
ii. Payment for jobs not executed.

Management's Response

No response

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the award of contract above his statutory threshold of ₦2,500,000.00 (Two million, five hundred thousand naira).
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,695,000.00 (Nineteen million, six hundred and ninety five thousand naira) being payment for the award of contracts above the Provost's approval threshold.
iii. Recover and remit the sum of ₦19,695,000.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular award of contract prescribed in paragraph 3117 of the Financial Regulations 2009 should apply.

ISSUE 3: UNAPPROVED VIREMENT OF EXPENDITURE SUBHEAD (=₦8,320,000.00)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦8,320,000.00 (Eight million, three hundred and twenty thousand naira) was provided for the renovation of class rooms in 2020 Appropriation Act of the College, and
ii. The College expended the budgetary allocation on power supply and extension work, in contravention of the 2020 Appropriation Act and other extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Yola, Adamawa State.

Risks

i. Misapplication of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦8,320,000.00 (Eight million, three hundred and twenty thousand naira) spent on power supply and extension work without approval.
ii. Recover the sum of ₦8,320,000.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 4: AWARD OF CONTRACT WITHOUT COMPETITIVE BIDDING (=₦10,051,212.00)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA 2007 states "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be

advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works."

Audit observed that:

i. The College awarded five contracts in 2020 for supply of public address systems, academic gowns, drugs to the College Clinic, etc, amounting to ₦10,051,212.00 (Ten million, fifty one thousand, two hundred and twelve naira), and
ii. Evidence of competitive bidding such as quotations from other bidders were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Yola, Adamawa State.

Risks

i. Award of contract to incompetent contractors.
ii. Diversion of public funds

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Management's Response

No response.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,051,212.00 (Ten million, fifty one thousand, two hundred and twelve naira) incurred on contracts without competitive bidding.
ii. Refund the sum of ₦10,051,212.00 to the Treasury.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract prescribed in paragraph 3117 of the Financial Regulations 2009 should apply.

FEDERAL POLYTECHNIC, EKOWE, BAYELSA STATE

At the Federal Polytechnic, Ekowe, Bayelsa state, the following observations were made:

ISSUE 1: VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦20,745,907.00)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph

613 of the FR 2009, states “Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required...”

Audit observed that:

i. Twenty three (23) payments totalling ₦20,745,907.00 (Twenty million, seven hundred and forty five thousand, nine hundred and seven naira) were made to persons other than the original beneficiaries stated in the memo attached to the paid vouchers, and
ii. There was no evidence that the amounts in (i) above got to the ultimate beneficiaries.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic, Ekowe, Bayelsa State.

Risks

i. Payment may never get to the ultimate beneficiaries.
ii. Diversion of government funds.

Management’s Response

All the new engaged (replacement staff) then were yet to be included in the GIFMIS staff enrolment platform and the contract staff (cleaners, security) were not qualified for the enrolment, so the payment must be made to a staff who is on GIFMIS staff platform for onward transmission to the beneficiary.

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦20,745,907.00 (Twenty million, seven hundred and forty five thousand, nine hundred and seven naira) paid to persons other than the ultimate beneficiaries.
ii. Recover and remit the sum of ₦20,745,907.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating irregular payments prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: UNRETIRED CASH ADVANCES AND VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦35,321,574.61)

Paragraph 1405 of the Financial Regulations (FR) 2009, states “Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise.” In addition, paragraph 1420(i) of the FR 2009 states “It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered.” Furthermore paragraph 713 of the Financial Regulations (FR) 2009 states “Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention.” Similarly, paragraph 613 of the FR 2009, states

"Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid."

Audit observed that:

i. Seventy nine (79) payments totaling ₦35,321,574.61 (Thirty five million, three hundred and twenty one thousand, five hundred seventy four naira, sixty one kobo) were made to staff of the Polytechnic between January, 2018 and December, 2020 as cash advances.
ii. The payments in (i) above, were for expenses incurred on council meetings, hotel bills, security, and cleaner allowances by the Institution.
iii. There was no evidence that the cleaners and security personnel were paid directly, contrary to the extant regulations.
iv. Evidence of retirement of these cash advances were not presented for audit as at August 2021, and
v. There were cases of multiple cash advances without the retirement of the previous ones.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic, Ekowe, Bayelsa State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

"We do not operate cash advance system. Some of the staff who requested for their DTAs were paid before their journey but in their application they were putting cash advance. In general, we are taking cognizance of your observation and to do the needful in the future to guide against reoccurrence."

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦35,321,574.61 (Thirty five million, three hundred and twenty one thousand, five hundred seventy four naira, sixty one kobo) unretired cash advances.
ii. Recover the sum of ₦35,321,574.61 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to retire cash advances and irregular payments prescribed in paragraphs 3124 and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦337,500,580.28)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Twenty-five (25) payments totaling₦337,500,580.28 (Three hundred and thirty seven million, five hundred thousand, five hundred and eighty naira, twenty eight kobo) were made to individuals and corporate bodies between January, 2018 and October, 2020, and
ii. Relevant supporting documents such as Store Receipt Voucher, Delivery Note etc. as required by extant regulations were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic, Ekowe, Bayelsa State.

Risks

i. Payment for unapproved expenditures.
ii. Payment for jobs not executed.
iii. Diversion of public funds.

Management's Response

Security expenses receipted by the security operatives here. Also, the local boat driver do not issue receipt to the hires. Not all disbursement were made without supporting documents. However, we have noted your observation and correction are already being effected. We shall be guided accordingly to forestall future occurrence.

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦337,500,580.28 (Three hundred and thirty seven million, five hundred thousand, five hundred and eighty naira, twenty eight kobo) paid without attaching relevant supporting documents.
ii. Recover the sum of ₦337,500,580.28 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to retire cash advances, failure to spend public funds effectively and irregular payments prescribed in paragraphs 3124, 3115 and 3106 of the Financial Regulations 2009 respectively, should apply.

SECTION 6

FEDERAL MEDICAL CENTRES AUDIT DEPARTMENT

FEDERAL MEDICAL CENTRE, BIDA, NIGER STATE

At the Federal Medical Centre, Bida, Niger State, the following observations were made:

ISSUE 1: NON-MAINTENANCE OF FIXED ASSET REGISTER

Paragraph 2433 of the Financial Regulations (FR) 2009 states "Senior stores officers responsible for supervision of stores shall ensure that a "Valuable and Attractive Stores Register" is maintained for items qualifying for this description. In every case of handover, these items shall be subject to a hundred per cent check and the certificate endorsed accordingly."

Audit observed that:

i. The Centre did not maintain fixed assets register showing date of acquisition of the assets, cost, depreciation of the assets, registration number, engine number and chassis number in the case of motor vehicle annual depreciation, addition, net book value, etc., and
ii. No evidence was provided to justify the non-maintenance of fixed assets register.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida, Niger State.

Risks:

i. Diversion of public assets.
ii. Loss of Government assets

Management's Response

The Fixed asset register is not available but management had taken note of the observation. However, we wish to state that the relevant officers had been created on the fixed asset module on GIFMIS platform for periodic update.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the reason for non-maintenance of fixed assets register, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: DIRECT PROCUREMENT WITHOUT APPROVAL (=₦245,467,085.60)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA 2007 states "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be

advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." Also, paragraph2937 of the Financial Regulations (FR) 2009 provides that approval of "Certificate of 'No objection' to award contract" should be obtained from the Bureau of Public Procurement before direct procurement can be made.

Audit observed that:

i. The Centre awarded a contract amounting to ₦245,467,085.60 (Two hundred and forty five million, four hundred and sixty seven thousand, eighty five naira, sixty kobo) for the supply of Equipment and Consumables for Molecular Laboratories on the 15th of November 2020 using direct procurement method, and
ii. Relevant supporting documents such as Bureau of Public Procurement approval for direct procurement, advertisement, and Minutes of Tenders Board approval, technical and financial bid evaluation report etc. as required by extant regulations were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Payment for job not executed.
ii. Loss of government funds

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦245,467,085.60 (Two hundred and forty five million, four hundred and sixty seven thousand, eighty five naira, sixty kobo) being award of contract through direct procurement method without approval.
ii. Recover and remit to the Treasury, the sum of ₦245,467,085.60.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: CONTRACT SPLITTING TO CIRCUMVENT PROCUREMENT PROCEDURES (=₦210,741,880.00)

Section 20(2) of the Public Procurement Act 2007 states "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organisation of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for:… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method;…"

Audit observed that:

i. The Centre awarded contracts totaling ₦210,741,880.00 (Two hundred and ten million, seven hundred and forty one thousand, eight hundred and eighty naira) to various contractors for the supply of Surgery medical equipment, Obstetrics and Gynaecology medical equipment, Hematology medical equipment, ENI, Dental and general medical equipment, Mama kits etc., and
ii. The contracts were awarded in bits in order to circumvent procurement procedures and the approval threshold of the Medical Director.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Procurement of substandard items.
ii. Diversion of public funds.

Management's Response

The contracts accumulated to the above mentioned value but not with the intention of circumventing approval threshold.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦210,741,880.00 (Two hundred and ten million, seven hundred and forty one thousand, eight hundred and eighty naira) being payment made on contracts splitting.
ii. Recover and remit to the Treasury the sum of ₦210,741,880.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: IRREGULAR AWARD AND EXECUTION OF CONTRACTS (=₦70,000,000.00)

Section 16(6) of the Public Procurement Act 2007 states "All bidders in addition to the requirements contained in any solicitation documents shall: (a) possess the necessary;(i) professional and technical qualifications to carry out particular procurement; (ii) financial capability;…"Similialy, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c." Also, section 20(2) of the Public Procurement Act (PPA) 2007 states "The accounting officer of every procurement entity have overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurement's and in

particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…"

Audit observed that:

i. The sum of ₦70,000,000.00 (Seventy million naira) was paid to contractors vide vouchers No. FMCB/195/2020 of 26th of May 2020 and FMCB/199/2020 of 19th of June 2020 for fumigation of Gawu Babangida andthe Main Hospital, and
ii. Relevant supporting documents such asCertificate of No Objection, fumigation certificates, technical and financial bid evaluation reports etc., were not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Diversion of public funds.
ii. Award of contract to unqualified contractors
iii. Payment for job not executed.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦70,000,000.00 (Seventy million naira) to contractors without adherence to due process.
ii. Recover and remit to the Treasury, the sum of ₦70,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations 2009 should apply.

ISSUE 5: UNAPPROVED VIREMENT OF CAPITAL EXPENDITURE VOTE (=₦262,959,408.09)

Paragraph 417 of the Financial Regulations (FR) 2009, states "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 318 of the FR 2009 states "Capital Expenditure is paid from the Development Fund, and no such expenditure may be incurred except on the authority of a warrant duly signed by the Minister of Finance." In addition, paragraph 302(1) of the FR 2009 states "Recurrent expenditure is paid from the Consolidated Revenue Fund and no such expenditure may be incurred except on the authority of a Warrant duly signed by the Minister of Finance."

Audit observed that:

i. The sum of ₦262,959,408.09 (Two hundred and sixty two million, nine hundred and fifty nine thousand, four hundred and eight naira, nine kobo) was expended from the capital vote of the Centre.
ii. The payments in (i) above were recurrent expenditure sub-heads for renovation of staff quarters, local training for hospital assistance & clinical staff, interlocking, maintenance and fumigation, and
iii. The payments in (ii) above were without evidence of approval for virement.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Diversion of public funds.
ii. Misapplication of funds.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦262,959,408.09 (Two hundred and sixty two million, nine hundred and fifty nine thousand, four hundred and eight naira, nine kobo) being unapproved virement.
ii. Refund the sum of ₦262,959,408.09 to the Treasury.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 6: UNAPPROVED PAYMENT (=₦71,688,988.96)

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency;…" Furthermore, paragraph 111(ii) of the FR 2009 states "The Accounting Officer shall: (a) be responsible for safeguarding of public funds and the regularity and propriety of expenditure under his control (b) observe and comply fully with the checks and balances spelt out in the existing Financial Regulations which govern receipts and disbursement of Public Funds and other assets entrusted to his care and shall be liable for any breach thereof;…" In addition, paragraph 1705 of the FR 2009 states "The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..."

Audit observed that:

i. The sum of ₦71,688,988.96 (Seventy-one million, six hundred and eighty eight thousand, nine hundred and eighty eight naira, ninety six kobo) was paid to a contractor vide paid vouchers No. 433 and 409 both dated 29th December, 2020 for the construction of Molecular Laboratory Building, and supply of 250 KVA and 10 KVA diesel generators respectively.
ii. There was no evidence of approval by the Medical Director and pre-payment audit by the Internal Auditor, and
iii. Relevant supporting documents such as store receipt voucher, bill of quantity, bid documents, evidence of advertisement, technical and financial evaluation reports, etc., were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Payments for jobs not executed.
ii. Diversion of public funds.

Management response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦71,688,988.96 (Seventy-one million, six hundred and eighty-eight thousand, nine hundred and eighty eight naira, ninety-six kobo) being payment for contracts without approval.
ii. Recover and remit to the Treasury, the sum of ₦71,688,988.96.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 7: UNAPPROVED VIREMENT FROM PERSONNEL COST (=₦155,572,865.83)

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦155,572,865.83 (One hundred and fifty five million, five hundred seventy two thousand, eight hundred and sixty five naira, eighty three kobo) was paid out of personnel votes, and
ii. The payments in (i) above were for service charge for security guards, cleaning services, honorarium for internal resource persons, Duty Tour Allowance, Board meeting entitlements and Board Sitting allowance without evidence of approved virement.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of public funds.
ii. Diversion of public funds

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦155,572,865.83 (One hundred and fifty-five million, five hundred seventy-two thousand, eight hundred and sixty five naira, eighty-three kobo) being unapproved virement from personnel costs.
ii. Recover and remit to the Treasury, the sum of ₦155,572,865.83.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 8: AWARD OF CONTRACTS TO INELIGIBLE CONTRACTORS (=₦98,255,804.24)

Section 23(1) of the Public Procurement Act, 2007 states "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) 2009, states "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical (b) they possess the machinery, equipment, and manpower for the job. …" Furthermore, paragraph 2936(iv) of the FR 2009 states "Records and documents in respect of procurement proceedings shall be made available forinspection by the Bureau, an investigator appointed by the bureau and the Auditor-General upon request. Where donor funds have been used for the procurement, donor officials shall have access on request toprocurement files and records for audit review."

Audit observed that:

i. The sum of ₦98,255,804.24 (Ninety eight million, two hundred and fifty five thousand, eight hundred and four naira, twenty four kobo) was paid to contractors for various supplies and services to the Centre.
ii. The Center awarded the contracts without complying with the conditions stated in the BPP's "No Objection Certificate" Reference Numbers BPP/2.1/SP/18/Vol.I/602 of 15th October 2018, BPP/S.1/CID/19/VOL.I/073 of 1st March 2019 and BPP/S.1/CID/20/Vol.I/314 of 16th June 2020, and
iii. Relevant documents such as bidding documents, PENCOM Compliance Certificate, Industrial Training Fund Certificate, Nigeria Social Insurance Trust Fund (NSITF) Certificate, FIRS Tax Clearance Certificate, Bureau of Public Enterprises Compliance Certificate, advertisement, minutes of Procurement Planning Committee, financial and technical bid evaluation reports, Tender's Board minutes of meetings etc. for the 2020 financial year were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Award of contracts to incompetent contractors
ii. Loss of government funds

Management's Response

These companies were pre-qualified by the Bureau of Public Procurement, please find attached "No Objection Certificate'' issued in their favour as Appendix "D''.

Recommendations

The Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for not adhering to the instruction of the Bureau of Public Procurement conveyed in the Certificate of No Objection with Reference Number BPP/2.1/SP/18/Vol.I/602 of 15thOctober 2018, BPP/S.1/CID/19/Vol.I/073 of 1st March 2019 and BPP/S.1/CID/20/Vol.I/314 of 16th June 2020.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦98,255,804.24 (Ninety eight million, two hundred and fifty five thousand, eight hundred and four naira, twenty four kobo) paid to contractors without due process.
iii. Recover and remit to the Treasury the sum of ₦98,255,804.24, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 9: UNSUBSTANTIATED CONTRACTS PAYMENTS (=₦77,429,140.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 412 of the FR 2009, states "Where a

contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" In addition, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦77,429,140.00 (Seventy seven million, four hundred and twenty nine thousand one hundred and forty naira) was made to various contractors for the supply of medical equipment, inverter accessories, desktop computers, renovation etc. in 2020, and
ii. Relevant documents such as financial and technical bid evaluation reports, Tender's Board minutes of meetings, Store Receipt Vouchers, Store Ledger etc. for the 2020 financial year were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Payment for jobs not executed.
ii. Loss of government funds.

Management's Response

Please find attached, payment documents for PV FMCB-257/2020 and 247/2020 as Appendix ''E'' for your perusal.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦77,429,140.00 (Seventy seven million, four hundred and twenty nine thousand one hundred and forty naira) being irregular payments on contracts.
ii. Recover and remit to the Treasury, the sum of ₦77,429,140.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for job not executed specified in paragraph 3104(i) of the Financial Regulations 2009 should apply.

ISSUE 10: UNAPPROVED PAYMENT OF NON-REGULAR ALLOWANCES (=₦69,519,448.78)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for

advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦69,519,448.78 (Sixty nine million, five hundred and nineteen thousand, four hundred and forty eight naira, seventy eight kobo) was paid to senior and other staff of the Centre, and
ii. The amount in (i) above, was paid as non-regular allowance for the period 2020 without evidence of the approval of the National Salaries, Income and Wages Commission (NSIWC).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

The Centre noted this observation and will notify the Board of Management of the implication as raised in the audit query.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦69,519,448.78 (Sixty nine million, five hundred and nineteen thousand, four hundred and forty eight naira, seventy eight kobo) being unapproved allowances.
ii. Recover and remit to the Treasury the sum of ₦69,519,448.78.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 11: IRREGULAR AWARD AND PAYMENTS TO CONTRACTORS (=₦129,691,996.09)

Section 16 (1) of the Public Procurement Act 2007 states "Subject to any exemption allowed by this Act, all public procurement shall be conducted:… (c) by open competitive biding;" Also, paragraph 603 (i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The sum of ₦164,500,000.00 (One hundred and sixty four million, five hundred thousand naira) was paid for contracts awarded to four (4) companies for the provision of free medical outreach at FMC, Bida and its environs on 26th May, 2020.
ii. Relevant procurement documents such as technical and financial evaluation reports, Tender's Board approval, etc. were not provided for audit.
iii. Out of the payment in (i) above, the sum of ₦129,691,996.09 (One hundred and twenty nine million, six hundred and ninety one thousand, nine hundred and ninety six naira, nine kobo) was paid to the contractors for the provision of free medical service to the less privileged, and
iv. Despite the award of the contracts in (iii) above, the human and material resources of the Medical Centre, such as facilities and staff, were utilised for the free medical service.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Payment for job not executed.
ii. Diversion of public funds.
iii. Loss of government funds

Management's Response

"We hereby attached evidence of request for payment from the contractors and pictorial representation of the outreach program."

Recommendations

The Medical Director should be requested to:

i. Account for the sum of ₦129,691,996.09 (One hundred and twenty nine million, six hundred and ninety one thousand, nine hundred and ninety six naira, nine kobo) paid to contractors that does possess the requisite medical expertise.
ii. Recover and remit to the Treasury, the sum of ₦129,691,996.09.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 12: NON-REMITTANCE OF PAYE TO (=₦25,082,189.02)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid." Also, section 2(1) of the Personal Income Tax Act states "Tax of an amount to be determined from the Table set out in the Sixth Schedule …shall be payable for each year of assessment on the total income of - (a) every individual other than persons covered under paragraph (b) of this subsection or

corporation sole or body of individuals deemed to be resident for that year in the relevant State under the provisions of this Act;"

Audit observed that:

i. The sum of ₦25,082,189.02 (Twenty five million, eighty two thousand, one hundred and eighty nine naira, two kobo) deducted were not remitted to the relevant tax authorities.
ii. The amount in (i) above was transferred into IPPIS Project Account termed "unspecified tax" with sub treasury account number 3000002002, and
iii. The Center did not to provide justification for the unremited amount to the relevant Tax Authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

The IPPIS Human Resource Desk Officer had been directed to issue out an internal circular to all staff with unspecified tax to submit their pay slips for correction.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦25,082,189.02 (Twenty five million, eighty two thousand, one hundred and eighty nine naira, two kobo) being unremitted PAYE.
ii. Remit the sum of ₦25,082,189.02 to the Relevant Tax Authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to loss of revenue by negligence and failure to collect and account for government revenue specified in paragraphs 232 and 3112 of the Financial Regulations 2009 respectively, should apply.

ISSUE 13: NON-DEDUCTION AND REMITTANCE OF PAYE (=₦19,116,449.33)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid." Also, section 2(1) of the Personal Income Tax Act (PITA) 2011 (as Amended) states "Tax of an amount to be determined from the Table set out in the Sixth Schedule …shall be payable for each year of assessment on the total income of - (a) every individual other than persons covered under paragraph (b) of this subsection or corporation sole or body of individuals deemed to be resident for that year in the relevant State under the provisions of this Act;"

Audit observed that:

i. The sum of ₦19,116,449.33 (Nineteen million, one hundred and sixteen thousand, four hundred and forty nine naira thirty three kobo) was thePay As You Earn (PAYE) tax liability, penalty and interest due on the locum/visiting consultants salaries and non-regular allowances, and
ii. The Center paid locum consultants salaries without deduction of PAYE tax.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of Government revenue.
ii. Difficulty in funding Government budget.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committee of the National Assembly, the sum of ₦19,116,449.33 (Nineteen million, one hundred and sixteen thousand, four hundred and forty nine naira thirty three kobo) being undeducted PAYE tax.
ii. Refund the sum of ₦19,116,449.33 to the Treasury.
iii. Forward evidence of the refunds to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply

ISSUE 14: PAYMENT OF PERSONNEL COSTSWITHOUT PRE-PAYMENT AUDIT (=₦28,242,709.62)

Paragraph 1705 of the Financial Regulations (FR) 2009 states "The Head of Internal Audit Unit in all ministries/ extra ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment. Checked and passed vouchers received in the Internal Audit Unit must be promptly dealt with and, under no circumstance, shall a voucher be held in that Unit for more than forty-eight (48) hours." Furthermore, paragraph 1701(i) of the FR 2009 states "The Internal Audit is a managerial control which functions by measuring and evaluating the effectiveness of internal control system in an organization."

Audit observed that:

i. The sum of ₦28,242,709.62 (Twenty eight million, two hundred and forty two thousand, seven hundred and nine naira, sixty two kobo) was paid in respect of non-regular allowances, payments of salaries for officers on sabbatical and 7th Board Meeting Entitlements for 2020.

ii. No justification was provided for not subjecting the paid vouchers to pre-payment audit as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Payments for unapproved expenses.
ii. Diversion of public funds.
iv Loss of government funds

Management's Response

The Centre noted the observation while acknowledging the importance of pre-payment audit and caution the relevant officer to be guided by the Financial Regulations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦28,242,709.62 (Twenty eight million, two hundred and forty two thousand, seven hundred and nine naira, sixty two kobo) being payment without prepayment audit.
ii. Recover and remit to the Treasury, the sum of ₦28,242,709.62.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 15: UNSUBSTANTIATED AWARD OF CONTRACT (=₦15,078,781.18)

Section 24(1) of the Public Procurement Act, 2007 states "All procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all contractor/suppliers shall be subjected to the same level playing ground. The format for submission of bids, the deadline for submission and the pre-determined criteria for evaluation shall not vary from one contractor/supplier to the other; they shall be the same" Also, paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The sum of ₦15,078,781.18 (Fifteen million, seventy eight thousand, seven hundred and eighty one naira, eighteen kobo) was paid out of the Hospital Services Revolving Fund (HSRF) to contractors in 2020, and
ii. Relevant documents such as minutes of Tenders' Board meeting, financial and technical bid evaluation, advertisement, etc. were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Award of contract to incompetent contractors.
ii. Payment for jobs not executed.
iii. Loss of government funds.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦15,078,781.18 (Fifteen million, seventy eight thousand, seven hundred and eighty one naira, eighteen kobo) being unsubstatiatedcontracts.
ii. Recover and remit to the Treasury, the sum of ₦15,078,781.18.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and irregular award of contract specified in paragraphs 3106 and 3117 of the Financial Regulations 2009 respectively, should apply.

ISSUE 16: UNAPPROVED PAYMENT OF NON-REGULAR ALLOWANCES BOARD MEMBERS (=₦13,119,200.00)

Section 3 of theNational Salaries, Incomes and Wages Commission (NSIWC) ActCAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC ActCAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. Thesum of ₦13,119,200.00 (Thirteen million one hundred and nineteen thousand two hundred naira) was paid to the part-time Chairman and fifteen (15) other Members of the Governing Board of the Centre as non-regular allowances in the year 2020, and
ii. The amount in (i) above was paid as non-regular allowance for the period 2020 without evidence of the approval of the National Salaries, Income and Wages Commission (NSIWC).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of Government Funds.
ii. Misapplication of funds

Management's Response

We hereby acknowledge this observation and the Board of Management had written a letter to the Secretary to the Government of the Federation on the funding of Board activities without recourse to tampering with the non-regular allowances.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,119,200.00 (Thirteen million, one hundred and nineteen thousand two hundred naira) being unapproved allowances.
ii. Recover and remit to the Treasury the sum of ₦13,119,200.00
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 18: PAYMENTS FOR CONTRACTS WITHOUT SUPPORTING DOCUMENTS (=₦181,791,264.26)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. In addition, paragraph 412 of the FR 2009, states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" Also, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦181,791,264.26 (One hundred and eighty one million, seven hundred and ninety one thousand, two hundred and sixty four naira twenty six kobo) was paid to the contractors for the construction of Block of Flats and standard Asphalt Road network, erosion and flood control at the permanent site.
ii. The contracts were awarded on May 26, 2020, and valuation certificate raised in favour of the contractors on 9th June, 2020 by a surveyor without evidence of appointment, progress report, interim payment certificate, visual of projects etc and,
iii. There was neither evidence of request for payment by the contractors nor documentary evidence that the contracts were carried out.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Diversion of public fund
ii. Payments for work not done and/ or services not rendered

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦181,791,264.26 (One hundred and eighty one million, seven hundred and ninety one thousand, two hundred and sixty four naira twenty six kobo) paid to the contractors without evidence of supporting documents.
ii. Recover and remit to the Treasury the sum of ₦181,791,264.26
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations 2009 should apply.

ISSUE 19: UNSUBSTANTIATED AWARD OF CONTRACT AND PAYMENTS FOR THE CONSTRUCTION OF DRAINAGE AND SEWAGE SYSTEM (=₦49,965,116.28)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Also, section 16 (1) of the Public Procurement Act 2017 states "Subject to any exemption allowed by this Act, all public procurement shall be conducted: …(e) with the aim of achieving value for money and fitness for purpose;…"

Audit observed that:

i. The sum of ₦49,965,116.28 (Forty nine million, nine hundred and sixty five thousand, one hundred and sixteen naira, twenty eight kobo) was paidto a contractor for the construction of drainage system at the permanent site in 2020.
ii. A visit to the permanent site in June, 2021 showed that the drainage system was constructed in 2019 at the cost ₦171,078,245.35 (One hundred and seventy one million seventy eight thousand two hundred and forty five naira, thirty five kobo).
iii. The above stated in (i) and (ii) showed that the contract was duplicated, and

iv. The Centre failed to furnish the Audit with documentary evidence of the stage of job completion, the interim evaluation certificates of all payments, Bill of Quantity, the profile of the contract despite repeated request.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Diversion of public fund
ii. Payment for job not executed.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦49,965,116.28 (Forty nine millionnine hundred and sixty five thousand, one hundred and sixteen naira, twenty eight kobo) paidto the contractor for the construction of drainage system at the permanent site in 2020.
ii. Recover and remit to the Treasury the sum of ₦49,965,116.28.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations 2009 should apply.

ISSUE 20: AWARD OF CONTRACTS TO INELIGIBLE CONSULTANT (=₦24,005,581.40)

Section 23(1) of the Public Procurement Act, 2007 states "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) 2009, states "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical(b) they possess the machinery, equipment, and manpower for the job. …" Furthermore, paragraph 2936(iv) of the FR 2009 states "records and documents in respect of procurement proceedings shall be made available for inspection by the Bureau, an investigator appointed by the bureau and Auditor-General for the Federation upon request"

Audit observed that:

i. The sum of ₦24,005,581.40 (Twenty four million, five thousand, five hundred and eighty one naira, forty kobo) was paid to a consultant for the provision of consultancy service on all the on-going projects at the permanent site of the Centre.
ii. Relevant documents such as bidding documents, PENCOM Compliance Certificate, Industrial Training Fund Certificate, Nigeria Social Insurance Trust Fund (NSITF)

Certificate, FIRS Tax Clearance Certificate, Bureau of Public Enterprises Compliance Certificate, advertisement, minutes of Procurement Planning Committee, financial and technical bid evaluation reports, Tender's Board minutes of meetings etc. for the 2020 financial year were not produced for audit, and

iii. There was no documentary evidence to substantiate the actual consultancy services carried out by the consultant, also, the valuation certificates were never made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of government funds.
ii. Payment for services not rendered.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦24,005,581.40 (Twenty four million, five thousand, five hundred and eighty one naira, forty kobo) paid to the consultant.
ii. Recover and remit to the Treasury the sum of ₦24,005,581.40.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively should apply.

ISSUE 21: OVER PAYMENT TO CONTRACTORS (=₦42,238,356.44)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." Furthermore, paragraph 708 of the FR 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦42,238,356.44 (Forty two million, two hundred and thirty eight thousand, three hundred and fifty six naira, forty four kobo) was Value added Tax (VAT) due from Contract payments totalling ₦563,178,085.99 in 2020.
ii. The VAT in (i) above was originally provided for in the contract value.
iii. In making payments to the Contractors, the VAT amount was added again on the paid vouchers and subsequently deducted thus leaving the original contract value unchanged, and
iv. The action in (iii) above resulted to over payment to the Contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of revenue to government.
ii. Inability of government to fund its budget.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly ₦42,238,356.44 (Forty two million, two hundred and thirty eight thousand, three hundred and fifty six naira, forty four kobo) being over payment to Contractors.
ii. Recover and remit to the Treasury, the sum of ₦42,238,356.44.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 and paragraph 234(ii) of the Financial Regulations 2009 should apply.

ISSUE 22: PAYMENTS OF MOBILIZATION TO CONTRACTORS ABOVE 15% (=₦61,372,313.02)

Section 35 (1) of the Public Procurement Act 2007 states "in addition to any other regulations as may be prescribed by the Bureau, a mobilization fee of not more than 15% may be paid to a supplier or contractor supported by the following: (a) in the case of National Competitive Bidding - an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity; and (b) in the case of International Competitive Bidding, an unconditional bank guarantee issued by a banking institution acceptable to the procuring entity". Furthermore, section 36 of the Public Procurement Act 2007 states, "The provision of a Performance Guarantee shall be a precondition for the award of any procurement contract upon which any mobilization fee is to be paid, provided however it shall not be less than 10% of the contract value in any case or an amount equivalent to the mobilization fee requested by the supplier or contractor whichever is higher."

Audit observed that:

i. The sum of ₦61,372,313.02 (Sixty one million, three hundred and seventy two thousand, three hundred and thirteen naira two kobo) being mobilization fees at the rates ranging between 24% and 38%, and
ii. Evidence of Advance Payment Guarantee (APG) for the payments in (i) above, was not provided for scrutiny.
iii. Evidence of a Performance Guarantee as a prerequisite to the award was not provided.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of government funds
ii. Exposing public funds to avoidable risk
iii. Violation of extant laws and regulations

Recommendations

The Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly ₦61,372,313.02 (Sixty one million, three hundred and seventy two thousand, three hundred and thirteen naira two kobo) being payment of mobilisation fee above 15% to Contractors.
ii. Recover and remit to the Treasury, the sum of ₦61,372,313.02.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively should apply.

ISSUE 23: STORE ITEMS NOT TAKEN ON CHARGE (=₦28,980,000.00)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown, and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores' ledgers must be clearly indexed."

Audit observed that:

i. The sum of ₦28,980,000.00 (Twenty eight million, nine hundred and eighty thousand naira) was paid to contractors for the procurement of medical equipment, and
ii. The items procured were not taken on ledger charge, as there were no records like store ledger, store receipt vouchers, store issue vouchers, etc. in the store, neither were they presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of government funds
ii Payment for items not supplied.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦28,980,000.00 (Twenty eight million, nine hundred and eighty thousand naira), being payment for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦28,980,000.00.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed specified in paragraph3104 (iii) of the Financial Regulations 2009, should apply.

ISSUE 24: IRREGULAR BORROWING FROM HOSPITAL SERVICE REVOLVING FUND (=₦12,236,730.00)

Paragraph 417of the Financial Regulations (FR) 2009, states"Expenditure shall strictly be classified in accordance with the Estimates, and votes musts beapplied only to the purpose or which the money is provided. Expenditure incorrectly charged to a voteshall be disallowed." Furthermore, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦12,236,730.00 (Twelve million, two hundred and thirty six thousand, seven hundred and thirty naira) was paid asrefund to the Hospital Service Revolving Fund Account, and
ii. There was neither evidence of approval of borrowing from the revolving fund nor details of utilization the amount borrowed.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Diversion of public funds.
ii. Misapplication of public funds.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,236,730.00 (Twelve million, two hundred and thirty six thousand, seven hundred and thirty naira) being amount borrowed from the revolving funds without approval and evidence of utilisation, and
ii. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 25: NON-REMITTANCE OF INDEPENDENT REVENUE TO THE TREASURY (=₦10,356,600.00)

Paragraph 209(v) of the Financial Regulations (FR) 2009 states "For the purpose of accountability, revenue received monthly as Federal Government Independent Revenue by ministries/federal pay offices shall be reflected in the monthly transcript and supported by a cheque payable to the Sub-Treasury of the Federation." Furthermore, paragraph 232 of the FR 2009 states "If at any time, a Public Officer sustains a loss of Revenue due to negligence; he shall be liable to be surcharged for the amount involved."

Audit observed that:

i. The sum of ₦10,356,600.00 (Ten million, three hundred and fifty six thousand, six hundred naira) was the amount realised as independent revenue from rent of of government quarters between 2017 and 2020.
ii. The amount in (i) above was not remmited to the Treasury.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of government revenue
ii. Misappropriation of government revenue.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦10,356,600.00 (Ten million, three hundred and fifty six thousand, six hundred naira) being independent revenue from rent of of government quarters.
ii. Recover and remit to the Treasury the sum of ₦10,356,600.00.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 (ii) of the Financial Regulations 2009 should apply.

ISSUE 26: NON-REMITTANCE OF STATUTORY 25% OF INTERNALLY GENERATED REVENUE TO GOVERNMENT (=₦5,804,114.50)

Paragraph 236 of the Financial Regulations (FR) 2009 states "Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to the CRF before the 15th of the Month following the month of collection of the Revenue." Also, paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22ndNovember 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross

revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:

i. The Centre realised the sum of ₦23,216,458.00 (Twenty three million, two hundred and sixteen thousand, four hundred and fifty eight naira) as Internally Generated Revenue in 2020, and
ii. The sum of ₦5,804,114.50 (Five million, eight hundred and four thousand, one hundred and fifteen naira, fifty kobo), being 25% of ₦23,216,458.00 was not remitted to the Consolidated Revenue Fund (CRF).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of government revenue
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦23,216,458.00 (Twenty three million, two hundred and sixteen thousand, four hundred and fifty eight naira) being 25% unremitted internally generated revenue.
ii. Recover and remit to the Treasury the sum of ₦23,216,458.00.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 (ii) of the Financial Regulations 2009 should apply.

ISSUE 27: UNRECOVERED MOBILIZATION FROM CONTRACTORS (=₦5,191,996.09)

Section 36 of the Public Procurement Act (2007) states "The provision of a Performance Guarantee shall be a precondition for the award of any procurement contract upon which any mobilization fee is to be paid, provided however it shall not be less than 10% of the contract value in any case or an amount equivalent to the mobilization fee requested by the supplier or contractor whichever is higher." Also, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦5,191,996.09 (Five million, one hundred and ninety one thousand, nine hundred and ninety six naira, nine kobo) was paid as 15% mobilization fees to a contractor vide paid vouchers No FMCB-268/2020 and FMCB-276/2020 of 17th November, 2020 for free medical outreach at FMC, Bida and medical outreach at Zungeru and its environs.
ii. The Centre failed to obtain Advance Payment Guarantee from the contractor, and
iii. Evidence that the contract was executed was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Loss of public funds.
ii. Payment for work not executed.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the payment of ₦5,191,996.09 (Five million, one hundred and ninety one thousand, nine hundred and ninety six naira, nine kobo) to contractor as mobilization fee without evidence of execution.
ii. Recover and remit the sum of ₦5,191,996.09 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to perform after collecting mobilization feeand irregular payment specified in paragraphs 3104(i) and 3106 of the Financial Regulations 2009 respectively, should apply.

SECTION 7

FOREIGN MISSIONS

FOREIGN MISSIONS

NIGERIA EMBASSY, EQUATORIAL GUINEA, MALABO

At the Nigeria Embassy, Equatorial Guinea, Malabo for the period January 2019 – December 2020, the following observations were made:

ISSUE 1: UNUTILISED CAPITAL FUNDS (=US$287,906.60)

Paragraph 112(ii) of the Financial Regulations (FR) 2009 states "The Accounting Officer shall: (a) be responsible for safeguarding of public funds and the regularity and propriety of expenditure under his control (b) observe and comply fully with the checks and balances spelt out in the existing Financial Regulations which govern receipts and disbursement of Public Funds and other assets entrusted to his care and shall be liable for any breach thereof;…" Furthermore, paragraph 113 of the FR 2009 states "…all accounting officers of ministries, extra – ministerial offices and other arms of government are hereby charged with the following responsibilities. They shall: (a) preside over the activities of their Tenders Boards for the proper planning and evaluation of tenders and execution of procurements; (b) ensure that adequate appropriation is available for procurements in their annual budget;…"

Audit observed that:

i. The sum of US$287,906.60 *(*Two hundred and eighty seven thousand, nine hundred and six dollar, sixty cents*)* was the credit balance in the Capital Account of the Embassy with UBA, Kenya for the renovation of Chancery building, Ambassador Residence & Renovation of Recreational Complex as at the time of audit in September, 2021.

ii. Three (3) Authority to Incure Expenditure (AIE) amounting to ₦45,360,000.00 (Forty five million, three hundred and sixty thousand naira) were released for the purpose of renovations under capital vote as shown in the Table below:

S/N	AIE No	Date	Description	Amount (₦)
1	AIE No MFA/MS/Cap/16/2018	31/01/2019	Renovation of Chancery Building, Ambassador Residence & Renovation of Recreational Complex	24,000,000.00
2	AIE No MFA/MS/Cap/176/2018	28/05/2019	- Do -	13,360,000.00
3	AIE No MFA/MS/Cap/044/2018	12/11/2018	- Do -	8,000,000.00
Total				**45,360,000.00**

iii. There was no evidence that the contract was awarded despite the availability of funds since 2018, and

iv. A physical inspection of the Chancery Building showed that the building needed urgent renovation and repairs.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Foreign Affairs.

Risks

i. Loss of value.
ii. Poor budget performance.
iii. Higher cost of maintenance due to inflation.

Management's Response

The Ambassador has written several letters to Headquarters and awaiting authority after due process to commence work.

Recommendations

The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why the sum of US$287,906.60 (Two hundred and eighty seven thousand, nine hundred and six dollar, sixty cent) being the Capital account balance with UBA Plc, Kenya, was not utilised since 2018.
ii. Also, justify to the the Public Accounts Committees of the National Assembly, why the contract for renovation and repair work at the Embassy was not awarded, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: UNSERVICEBLE MOTOR VEHICLES

Paragraph 2609 of the Financial Regulations (FR) 2009 states "Unserviceable stores, buildings, plants, motor vehicles and equipment maybe written-off and disposed of under the personal authority of the Accounting Officer, provided that: … (d) The Accounting Officer is of the opinion, after taking advice from the appropriate technical officer, that the unserviceable articles are beyond economic repair. In the case of motor vehicles, plants and equipment, ministries/extraministerial offices and other arms of government which have their own engineering/technical facilities shall undertake the inspection and valuation…"

Paragraph 2001 of the Financial Regulations (FR) 2009, states "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of government vehicles..."

Audit observed that:

i. The Embassy had seven (7) Motor Vehicles out of which only three (3) were functional, namely, the Representational Car of the Ambassador, a back-up car and utility Hiace Bus.
ii. The three (3) functional cars were purchased in 2010 and the cost of maintenance was very high. The remaining four (4) vehicles, shown in the Table below were in a state of disrepair.

S/N	Vehicle	Reg. No	Year of Purchase	Purpose	Condition
1	Mercedez Benz	JMD 003	1992	Former Rep. Car	Unserviceable
2	Mercedez Benz	CD 004	1994	Former Back-Up	Unserviceable
3	Nissan Bluebird	CD 008	1994	Utility	Unserviceable
4	Toyota Hiace	CD 009	1995	School Bus	Unserviceable

iii. These vehicles are expected to be written-off in accordance with the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system of the Embassy and Ministry of Foreign Affairs.

Risks

i. Waste of public funds.
ii. Loss of revenue.

Management's Response

We await authority from the Headquarters to dispose them.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why the unserviceable vehicles have not been been written-off and disposed of.
ii. Ensure the disposal of the unserviceable vehicles and remit proceeds to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009, should apply.

EQUITORIAL GUINEA, NIGERIA CONSULATE, BATA

At the Nigeria Embassy, Equatorial Guinea-Nigeria Consulate, Bata for the period January 2019 – December 2020, the following observations were made:

ISSUE 1: IRREGULAR PAYMENT OF TELEPHONE SUBSIDY TO HOME BASED STAFF (=₦55,000,000.00)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC ActCAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for

advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:
i. The sum of ₦55,000,000.00 (Fifty five million naira) was paid as telephone subsidy to home based staff without evidence of approval from the Ministry of Foreign Affairs Headquarters, and
ii. There was no evidence of approval from the National Salaries, Incomes and Wages Commission (NSIWC).

The above anomalies could be attributed to weaknesses in the internal control system at the Embassy and Ministry of Foreign Affairs.

Risks:
i. Diversion of public funds.
ii. Loss of government funds.

Management's Response:
The telephone subsidy to staff is statutory rights to home base staff to ensure constant communication on official matters

Recommendations:
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦55,000,000.00 (Fifty five million naira) being irregular payment of telephone subsidy to home based staff.
ii. Recover and remit to the Treasury, the sum of ₦55,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: EXTRA-BUDGETARY EXPENDITURE AND YEAR-END UNSPENT BALANCES NOT RETURNED TO THE TREASURY (=₦339,860,817.73)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 301 of the Financial Regulations (FR) 2009, states "…No expenditure may be incurred by any officer on any service, whether or not included in the estimates, until he receives an authority to do so in accordance with one of the following provisions in these rules

and regulations. Any officer controlling votes, or part thereof, who incurs expenditure without such authority does on his sole responsibility and will consequently be held pecuniary responsible for his actions." In addition, paragraph 413(i) of the FR 2009 states "... The authority for recurrent expenditure conveyed by any of the warrants contained in Chapter 3 lapses at the end of the financial year to which it relates…" Similarly, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦104,823,249.06 (One hundred and four million, eight hundred and twenty three thousand, two hundred and forty nine naira, six kobo) was excess expenditure from some overhead sub-heads, while the sum of ₦53,933,681.39 (Fifty three million, nine hundred and thirty three thousand, six hundred and eighty one naira, thirty nine kobo) was the unspent balance from some other sub-heads at the end of 2019.

ii. The balances of the Consulate personnel cost totaling ₦181,103,887.28(One hundred and eighty one million, one hundred and three thousand, eight hundred and eighty seven naira, twenty eight kobo), as shown in the Table below, were carried forward and expended in the following year.

S/N	Year	Head	Amount (₦)
1	2019	Personnel Cost	84,737,986.65
2	2020	Personnel Cost	96,365,900.63
Total			**181,103,887.28**

iii. The amounts in (i) and (ii) above totaling ₦339,860,817.73 (Three hundred and thirty nine million, eight hundred and sixty thousand, eight hundred and seventeen naira, seventy three kobo) should have been returned to the Treasury at the end of financial years as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system of the Embassy and Ministry of Foreign Affairs.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

In all our missions abroad, at no time was funds released to missions is mopped-up at the end of financial year. This is a new idea and is above the mission to decide

Recommendations

The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the extra-budgetary expenditure and unspent year-end balances amounting to ₦339,860,817.73 (Three hundred and thirty nine million, eight hundred and sixty thousand, eight hundred and seventeen naira, seventy three kobo).
ii. Recover and remit to the Treasury, the sum of ₦339,860,817.73.

iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and failure to manage or spend public funds effectively specified in paragraphs 3129 and 3115 of the Financial Regulations 2009 respectively, should apply.

NIGERIA EMBASSY, SAO-TOME AND PRINCIPE

At the Nigeria Embassy, Sao-Tome and Principe for the period January 2018 – December 2020, the following observations were made:

ISSUE 1: PAYMENT FOR CONTRACTS WITHOUT EVIDENCE OF EXECUTION ₦255,909,252.43

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. In addition, paragraph 412 of Financial Regulations (FR) 2009, states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" Similarly, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The Embassy awarded a contract for the sum of ₦540,804,139.10 (Five hundred and forty million, eight hundred and four thousand, one hundred and thirty nine naira, ten kobo) in April 2011for the construction of Ambassador's Residence inclusive of furnishing and fencing.
ii. The sum of ₦255,909,252.43 (Two hundred and fifty five million, nine hundred and nine thousand, two hundred and fifty two naira, forty three kobo) was paid to the contractor and the consultant.
iii. The contract was abandoned after the sum of ₦255,909,252.43 (US$1,705,391.02) was paid to the Contractor and Consultant.
iv. Both the contractor and consultants were Nigeria based companies in which each of their team were paid extra logistics of flight tickets and hotel accommodation outside the contract sum.
v. At the time of the abandonment of the contract, nothing was done with respect to fencing and furnishing, and
vi. Evidence of contract execution such as progress reports, contract file, Bill of Engineering Measurement and Evaluation (BEME) or paid vouchers were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Embassy and Ministry of Affairs.

Risks

i. Loss of government funds.
ii. Diversion of public funds.
iii. Forfeiture of the land to the government of Sao Tome.

Management's Response

"A comprehensive report had been written about the construction work and still awaiting headquarters directive."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦255,909,252.43 (Two hundred and fifty-five million, nine hundred and nine thousand, two hundred and fifty two naira, forty three kobo) paid for contracts not executed.
ii. Recover and remit the sum of ₦255,909,252.43 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed, irregular payment and gross misconduct prescribed in Financial Regulations 3014, 3106 and 3129 respectively, should apply.

SECTION 8

HEALTH RESEARCH INSTITUTIONS AND PSYCHIATRIC HOSPITALS AUDIT DEPARTMENT

FEDERAL NEUROPSYCHIATRIC HOSPITAL, ENUGU, ENUGU STATE

At the Federal Neuropsychiatric Hospital, Enugu, the following observations were made:

ISSUE 1: PAYMENTS WITHOUT PREPAYMENT AUDIT (=₦46,906,295.51)

Paragraph 1705 of the Financial Regulations (FR) 2009 states "The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% prepayment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..."

Audit observed that:

i. Payments totaling ₦46,898,915.51 (Forty six million, eight hundred and ninety eight thousand, nine hundred and fifteen naira, fifty one kobo) were made without prepayment audit, and
ii. The action in (i) above was a contravention of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuropsychiatric Hospital, Enugu.

Risks

i. Misappropriation of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦46,898,915.51 (Forty six million, eight hundred and ninety eight thousand, nine hundred and fifteen naira, fifty one kobo) without prepayment audit.
ii. Recover and remitthe sum of ₦46,898,915.51 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: CASH ADVANCES ABOVE APPROVED THRESHOLD OF ₦200,000.00 (=₦14,807,550.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act,

2007." Also, paragraph 2302(ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦14,807,550.00 (Fourteen million, eight hundred and seven thousand, five hundred and fifty naira) was granted as cash advances to thirty (30) staff of the Hospital in 2020 for various purchases and services above the approved threshold, and
ii. The action in (i) above, resulted to a loss of tax revenue amounting to ₦1,628,830.50 (One million, six hundred and twentyeight thousand, eight hundred and thirty naira, fifty kobo) that would have accrued to government.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuropsychiatric Hospital, Enugu.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of advances in the sum of ₦14,807,550.00 (Fourteen million, eight hundred and seven thousand, five hundred and fifty naira) instead of award of contracts.
ii. Recover and remit the sum of ₦14,807,550.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctionsrelating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 3: PAYMENT FOR SERVICES WITHOUT SUPPORTING DOCUMENTS (=₦11,775,981.98)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition,

paragraph 415 of the FR 2009 states “The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.”

Audit observed that;

i. The sum of ₦11,775,981.98 (Eleven million, seven hundred and seventy five thousand, nine hundred and eighty one naira, ninety eight kobo) was paid to a consultant in respect of consultancy services through paid voucher number FNHE/CAP/032/2020 dated 16th December, 2020, and
ii. Evidence of performance such as Completion Certificate, attendance register, etc, was not attached to the paid voucher.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuropsychiatric Hospital, Enugu.

Risks

i. Diversion of public funds.
ii. Payment for services not rendered.

Management’s Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦11,775,981.98 (Eleven million, seven hundred and seventy five thousand, nine hundred and eighty one naira, ninety eight kobo), without relevant supporting documents.
ii. Recover the sum of ₦11,775,981.98 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: IRREGULAR PAYMENT OF SITTING ALLOWANCE AND HONORARIUM (=₦3,177,600.00)

Paragraph 2 of the Establishment Circular Ref. No. SWC/S/04/S.310/T/65 dated 8th April 2016 stipulates that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year.

Audit observed that:

i. The sum of ₦3,177,600.00 (Three million, one hundred and seventy seven thousand, six hundred naira) as honorarium and sitting allowance to staff and board members on the Hospital's payroll, and
ii. The action in (i) above was in contravention of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuropsychiatric Hospital, Enugu.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦3,177,600.00 (Three million, one hundred and seventyseven thousand, six hundred naira) being irregular sitting allowance and honorarium.
ii. Recover the sum of ₦3,177,600.00 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦6,698,900.00)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:
i. Thirty three (33) payments totaling ₦6,698,900.00 (Six million, six hundred and ninety eight thousand, nine hundred naira) were made to an officer of the Hospital instead of the ultimate beneficiaries.
ii. There was no evidence that the amount was disbursed to the ultimate beneficiaries, and
iii. The payments in (i) above contravened the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuropsychiatric Hospital, Enugu.

Risks
i. Loss of government funds.
ii. Payments may not be made to ultimate beneficiaries.

Management's Response
No response.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦6,698,900.00 (Six million, six hundred and ninety eight thousand, nine hundred naira) to an officer of the Hospital in violation of Federal Government's e-payment policy.
ii. Recover and remit the sum of ₦6,698,900.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 6: UNRETIRED CASH ADVANCES (=₦16,698,975.00)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring that prompt repayment of all advances by instalments or otherwise". Furthermore, paragraph 1420(i) of the FR states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:
i. Fifty two (52) cash advances totaling ₦16,698,975.00 (Sixteen million, six hundred and ninety eight thousand, nine hundred and seventy five naira) were granted to staff of the Hospital in 2020, and
ii. The amount in (i) above was not retired as of 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuropsychiatric Hospital, Enugu.

Risks
i. Loss of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Medical Director should berequested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-retirement of cash advances to staff totaling ₦16,698,975.00 (Sixteen million, six hundred and ninety eight thousand, nine hundred and seventy five naira).
ii. Recover and remit the sum of ₦16,698,975.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-recovery and non-retirement of advances stated in paragraphs 3118 and 3124 of the Financial Regulations 2009 respectively, should apply.

SECTION 9

HIGHER EDUCATION AUDIT DEPARTMENT

UNIVERSITY OF ILORIN

At the University of Ilorin, Kwara State, the following observations were made:

ISSUE 1: NON-REMITTANCE OF 25% INTERNALLY GENERATED REVENUE (=₦1,051,163,575.07)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:

i. The University generated a total of ₦4,204,654,300.29 (Four billion, two hundred and four million, six hundred and fifty four thousand, three hundred naira, twenty nine kobo) in 2018, out of which the sum of ₦1,051,163,575.07 (One billion, fifty one million, one hundred and sixty three thousand, five hundred and seventy five naira, seven kobo), being 25% of the internally generated revenue (IGR) was expected to be remitted to the Consolidated Revenue Fund (CRF) of the Federal Government, and
ii. Evidence of the remittance of ₦1,051,163,575.07 to the CRF, being 25% of the IGR in (i) above, was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Ilorin, Kwara State.

Risks

i. Loss of government funds.
ii. Inability to fund government budget.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,051,163,575.07 (One billion, fiftyone million, one hundred and sixtythree thousand, five hundred and seventy five naira, seven kobo) being unremitted IGR.
ii. Remit the sum of ₦1,051,163,575.07 to the Consolidated Revenue Fund.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue prescribed in paragraphs 3112 of the Financial Regulations 2009 should apply.

ISSUE 2: NON-REMITTANCE OF PAYE TAX DEDUCTIONS (=₦227,370,455.26)

Paragraph 235 of the Financial Regulations (FR) 2009 states, "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the same time the payee who is the subject of deduction is paid."

Audit observed that:

i. The University made PAYE deductions amounting to ₦227,370,455.26 (Two hundred and twenty seven million, three hundred and seventy thousand, four hundred and fifty five naira, twenty-six kobo) from staff salary, and
ii. Evidence of the remittance of ₦227,370,455.26 to the relevant tax authorities was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Ilorin, Kwara State.

Risks

i. Loss of government funds.
ii. Inability to fund government budget.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦227,370,455.26 (Two hundred and twenty seven million, three hundred and seventy thousand, four hundred and fifty five naira, twenty six kobo), being unremitted PAYE deductions.
ii. Recover and remit the sum of ₦227,370,455.26 to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations 2009, should apply.

FEDERAL UNIVERSITY OF TECHNOLOGY, MINNA, NIGER STATE

At the Federal University of Technology, Minna, the following observations were made:

ISSUE 1: NON-SUBMISSION OF 2019 AUDITED FINANCIAL STATEMENTS

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant-General not later than 31st May of the following year of Account."

In spite of the extant regulations:
i. The University failed to submit its audited financial statements for the year 2019 to the Office of the Auditor-General for the Federation, and
ii. The above practice by the Company contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Technology, Minna, Niger State.

Risks
i. Impediments to Public Accounts Committees oversight
ii. Sub-optimal decisions by those charged with governance.

Management Response
Non submission of 2019 Audited accounts was as a result of locked down experienced during the period due to outbreak of COVID'19. The accounts have however been submitted.

Recommendations
The Vice Chancellor should be requested to:
i. Submit the audited financial statements for 2019 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦9,000,000.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. Two payments totaling ₦9,000,000.00 (Nine million naira) were made to two officers of the University as sponsorship award to pursue PhD programmes at various universities vide vouchers number 41 and 72 dated 9th August, 2019 and 6th June, 2019 respectively, and
ii. Relevant supporting documents such as admission letters, progress reports, certificates, etc. were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Technology, Minna, Niger State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

"Sequel to Appendix 1 of your report, PV. No. 72 & PV No. 41 is the final tranche payment of ₦1,800,000.00 each of ₦9,000,000.00 awarded. See attached scheduled as appendix 2A. Also, in response to the issue 2 the quoted PVs has their supporting documents attached as at the period of audit."

Recommendations

The Vice chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦9,000,000.00 (Nine million naira) paid without relevant supporting documents.
ii. Recover and remit the sum of ₦9,000,000.00 to the Treasury, and
iii. Otherwise, sanctionsrelating to irregular payments specified in paragraph 3106 of Financial Regulation 2009 should apply.

ISSUE 3: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦4,905,672.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Thirteen (13) payments totalling ₦4,905,672.00 (Four million, nine hundred and five thousand, and six hundred and seventy two naira) were made to some Universitystaff between January and November, 2019 for the procurement of goods and services.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the University resulted in the loss of ₦539,623.92 (Five hundred and thirtynine thousand, six hundred and twentythree naira and ninetytwo kobo) that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Technology, Minna, Niger State.

Risks
i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding government budget.

Management's Response
"Recommendation noted. The practice of granting advance above approval limit has since been abolished. Presently any of such request is required to go through job order/Local purchase order."

Recommendations
The Vice Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦4,905,672.00 (Four million, nine hundred and five thousand, and six hundred and seventy two naira) to staff as cash advance above the approved threshold.
ii. Recover and remit the sum ₦4,905,672.00 to the Treasury.
iii. Forwardevidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: UNRETIRED CASH ADVANCES (=₦7,388,630.53)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:
i. Thirty (30) payments amounting to ₦7,388,630.53 (Seven million, three hundred and eighty eight thousand, six hundred and thirty thousand, fifty three kobo) were granted as cash advances to staff of the University in 2019.
ii. The advances in (i) above were not retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Technology, Minna, Niger State.

Risks
i. Waste of government resources.
ii. Diversion of public funds.

Management's Response
Recommendation noted. Management has taken stringent measures on the issue of unretired advance.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-retirement of cash advances to staff totaling ₦7,388,630.53 (Seven million, three hundred and eighty eight thousand, six hundred and thirty thousand, fifty three kobo).
ii. Recover and remit the sum of ₦7,388,630.53 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-recovery and non-retirement of advances stated in paragraphs 3118 and 3124 of the Financial Regulations 2009 respectively, should apply.

NNAMDI AZIKIWE UNIVERSITY, AWKA, ANAMBRA STATE

At the Nnamdi Azikiwe University, Awka, Anambra State, the following observations were made:

ISSUE 1: ENGAGEMENT OF SOLICITORS WITHOUT THE APPROVAL OF THE HONOURABLE MINISTER OF JUSTICE AND ATTORNEY-GENERAL FOR THE FEDERATION (=₦27,429,523.82)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. Payments totaling ₦27,429,523.82 (Twentyseven million, four hundred and twenty nine thousand, five hundred and twenty three naira, eighty two kobo) were made to some External Solicitors for various legal services involving the University, and
ii. Relevant evidence that the University sought and obtained the approval of the Honourable Minister of Justice and Attorney-General of the Federation before engaging and determining the fees to bepaid to the External Solicitors, was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nnamdi Azikiwe University, Awka, Anambra State.

Risks

i. Engagement of unlicensed legal firms.
ii. Payment of excessive legal fees.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦27,429,523.82 (Twenty seven million, four hundred and twenty nine thousand, five hundred and twenty three naira, eighty two kobo) for the engagement of external solicitors without the approval of the Honourable Minister of Justice and Attorney-General for the Federation.
ii. Recover and remit the sum of ₦27,429,523.82 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to spend public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT OF PRODUCTIVITY BONUS TO BOARD MEMBERS AND OTHER EXPENSES (=₦106,871,307.15)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The University paid the sum of ₦106,871,307.15 (One hundred and six million, eight hundred and seventy one thousand, three hundred and seven naira, fifteen kobo) for Christmas hampers, cows, redemption of thanksgiving pledges and productivity bonus to Board Members, and
ii. There was no evidence of appropriation for items in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Nnamdi Azikiwe University, Awka, Anambra State.

Risks
i. Waste of public funds.
ii. Inability of government to fund budget.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the payment of ₦106,871,307.15 (One hundred and six million, eight hundred and seventy one thousand, three hundred and seven naira, fifteen kobo) as productivity bonus to Board Members and other expenses.
ii. Recover and remit to the Treasury, the sum of ₦106,871,307.15.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: UNAUTHORIZED INVESTMENTS WITHOUT RETURNS (=₦165,856,236.50)

Paragraph 739 of the Financial Regulations (FR) 2009 states "Idle Funds in the Bank Accounts of Ministries, Departments and Agencies shall only be invested in Treasury Bills in accordance with extant circulars.'' Furthermore, paragraph 3 of Treasury Circular Ref. No: TRY A2 & B2/2014 OAGF/CAD/026/V.I/217 of 27th January, 2014 states "Henceforth, all MDAs wishing to invest funds must communicate the terms of the investment/deposit to the Accountant-General of the Federation and obtain his approval before doing so. The approval of the Accountant-General of the Federation must be sought in the case of roll-over of such investment at least two weeks before its maturity. Meanwhile, all such interests earned on any invested fund must be remitted on monthly basis into the CRF failure of which shall be deemed as violation of the extant rules and therefore attract appropriate sanction…" Also, paragraph 711(ii) of the FR 2009 states "Where such idle funds are invested, the accrued interests received thereof, shall be classified to the appropriate revenue head and sub-head and remitted to the Treasury."

Audit observed that:
i. The University invested idle funds amounting to ₦165,856,236.50 (One hundred and sixty five million, eight hundred and fifty six thousand, two hundred and thirty six naira, fifty kobo) in projects and other securities.
ii. The investments in (i) above, indicated in the Table below, were not in Treasury Bills as required by extant regulations.

S/N	Nature of Investment	Amount (₦)
1	NAU Local innovation Project	10,554,500.00
2	Investments in shares	8,260,254.00
3	Investment in American Hospital Abuja	85,000,000.00
4	Investment in NAU OSIL (Water Project)	62,000,000.00
5	Broadcast Right	41,482.50
	Total	**165,856,236.50**

Source: Nnamdi Azikiwe University Portfolio file.

iii. There was no evidence of approval from the Accountant-General of the Federation authorizing the investments.
iv. Relevant documents and information such as share certificates, Central Securities Clearing System (CSCS) records showing details of the companies and the number of shares held amounting to ₦8,260,254.00 (Eight million, two hundred and sixty thousand, two hundred and fifty four naira) in serial number 2 in the Table above, were not presented for audit, and
v. Evidence of interest that accrued from the investments was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nnamdi Azikiwe University, Awka, Anambra State.

Risks
i. Loss of public funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the investment of ₦165,856,236.50 (One hundred and sixty five million, eight hundred and fifty six thousand, two hundred and thirty six naira, fifty kobo) in projects and other securities without the approval of the Accountant-General of the Federation.
ii. Account to the the Public Accounts Committees of the National Assembly, the sum of ₦165,856,236.50 and the accrued interest.
iii. Recover and remit the sum of ₦165,856,236.50 and the accrued interest to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to failure to manage public funds prescribed in paragraph 3115 of the Financial Regulations 2009 should apply.

ISSUE 4: EXTRA-BUDGETARY EXPENDITURE (=₦7,500,000.00)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:
i. The sum of ₦10,000,000.00 (Ten million naira) was approved for furniture allowance in the 2018 Appropriation Act.

ii. The sum of ₦17,500,000.00 (Seventeen million, five hundred thousand naira) was spent on furniture allowance in 2018 resulting in extra Budgetary spending of ₦7,500,000.00 (Seven million, five hundred thousand naira), and
iii. Evidence of approval for the extra-budgetary spending was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nnamdi Azikiwe University, Awka, Anambra State.

Risks
i. Waste of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the extra-budgetary spending of ₦7,500,000.00 (Seven million, five hundred thousand naira).
ii. Recover and remit the sum of ₦7,500,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: IRREGULAR PAYMENT OF SITTING ALLOWANCE (=₦41,203,465.00)

Paragraph 2 of the Establishment Circular Ref. No. SWC/S/04/S.310/T/65 dated 8th April 2016 stipulates that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year.

Audit observed that:
i. The sum of ₦41,203,465.00 (Forty one million, two hundred and three thousand, four hundred and sixty five naira) was paid to someofficers of the University as sitting allowances for the institution's 115th Council Committeeheld on 21st December, 2018.
ii. The amount in (i) above was paid through two (2) paid vouchers with Ref. Nos: TSA/DEV/12/5645/5102 and TSA/DEV/12/5640/5095 both dated 21st December, 2018 resulting in the duplication of payment for sitting allowances, and
iii. The officers paid were full-time staff and as such, not entitled to sitting allowance in accordance with provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nnamdi Azikiwe University, Awka, Anambra State.

Risks

i. Waste of government fund.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦41,203,465.00 (Forty one million, two hundred and three thousand, four hundred and sixty five naira) being irregular payment of sitting allowances.
ii. Recover and remit the sum of ₦41,203,465.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

MICHAEL OKPARA UNIVERSITY OF AGRICULTURE, UMUDIKE, ABIA STATE

At Michael Okpara University of Agriculture, Umudike, AbiaState, for the period, January 2018 to December 2019, the following observations were made:

ISSUE 1: PAYMENT FOR ITEMS NOT SUPPLIED (=₦43,211,880.06)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observed that:

i. A contract for the supply, installation and training for Xerox 125 Printer/Scanner/Copier, OMR Solution + Server, UPS (APC) 10KVA, Stabilizer (NEXUS)10KVA was awarded to a contractor for the sum of ₦43,211,880.06 (Forty three million, two hundred and eleven thousand, eight hundred and eighty naira, six kobo) through award letter reference number MOUAU/R/ADM/041/VOL.10 dated 31st July, 2018, and
ii. The sum of ₦43,211,880.06 (Forty three million, two hundred and eleven thousand, eight hundred and eighty naira, six kobo) was paid to a contractor through voucher number CBN REMITA 3272 dated 24th October, 2018, as full payment for the contract, and

iii. Relevant supporting documents such as Stores Receipt Vouchers (SRV), Store ledgers, Bin Cards, Stores Issued Vouchers (SIV) and store requisition forms were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government funds.
ii. Payment for goods not supplied.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, for the sum of ₦43,211,880.06 (Forty three million, two hundred and eleven thousand, eight hundred and eighty naira, six kobo), being payment for items not supplied.
ii. Recover and remit to the Treasury, the sum of ₦43,211,880.06.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to collect assets from supplier and gross misconduct specified in paragraphs 3106, 3109 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT FOR CHRISTMAS PARTY AND OTHER EXPENSES (=₦4,722,700.00)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." In addition, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Two (2) officers of the University were paid the sum of ₦4,722,700.00 (Four million, seven hundred and twenty two thousand, seven hundred naira) as cash advances.

ii. While one of the officers was paid the sum of ₦2,638,700.00 to organize Christmas Party, the second officer was paid the sum of ₦2,084,000.00 to enable him attend the Chancellor's Honorary Award in Gombe.
iii. There was no evidence of budgetary provisions for the expenditure in (ii) above, and
iv. Evidence of retirement of the advances was not produced for scrutiny.

These anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks
i. Waste of public funds.
ii. Inability of government to fund budget.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the payment of ₦4,722,700.00 (Four million, seven hundred and twenty two thousand, seven hundred naira) as irregular payment for Christmas party and other expenses.
ii. Recover and remit to the Treasury, the sum of ₦4,722,700.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦445,210,535.22)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;" Paragraph 236 of the Financial Regulations (FR) 2009 states "Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to the CRF on or before the 15th of the month following the month of collection of the Revenue.''

Audit observed that:
i. The sum of ₦1,780,842,140.88 (One billion, seven hundred and eighty million, eight hundred and forty two thousand, one hundred and forty naira, eighty eight kobo), was the Internally Generated Revenue (IGR) in 2018, and

ii. Evidence thatthe sum of ₦445,210,535.22 (Four hundred and forty five million, two hundred and ten thousand, five hundred and thirty five naira, twenty two kobo) being 25% of the IGR in (i) above, was remitted to the Consolidated Revenue Fund (CRF) was not produced for audit.

These anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government revenue.
ii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦445,210,535.22 (Four hundred and forty five million, two hundred and ten thousand, five hundred and thirty five naira, twenty two kobo), being unremitted IGR.
ii. Remit the sum of ₦445,210,535.22 (Four hundred and forty five million, two hundred and ten thousand, five hundred and thirty five naira, twenty two kobo) to the CRF.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraphs 3112 of the Financial Regulations 2009 should apply.

ISSUE 4: IRREGULAR ENGAGEMENT OF INSURANCE BROKER AND PAYMENT OF PREMIUM (=₦10,914,750.00)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided by this Act, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding." Furthermore, section 41 of the Insurance Act 2007 states "Where an insurance business is transacted through an insurance broker, the insurance broker shall, not later than 30 days of collecting the premium paid to the insurers collected by him". Also section 50(i) of the Insurance Act 2007 states "The receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance."

Audit observed that:

i. The sum of ₦10,914,750.00 (Ten million, nine hundred and fourteen thousand, seven hundred and fifty naira) was paid to an Insurance Broker as premium for the Comprehensive Insurance Cover of three vehicles from 1st January to 31st December, 2018 through voucher no. CBN REMITA 1003 dated 12th March, 2018.
ii. The late payment of premium for three (3) months and twelve (12) days was a violation of the provisions of extant regulations, and

iii. Evidence of procurement due process in the engagement of the insurance broker was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the payment of ₦10,914,750.00 (Ten million, nine hundred and fourteen thousand, seven hundred and fifty naira) for irregular engagement of Insurance Broker and payment of premium.
ii. Recover and remit the sum of ₦3,183,468.75 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 5: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦18,969,099.07)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 110 of the FR 2009 states "By virtue of their responsibilities and functions, the Accountant General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of' government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions.''

Audit observed that:
i. The sum of ₦18,969,090.07 (Eighteen million, nine hundred and sixty nine thousand, ninety naira, seven kobo) was paid from personnel account between January and December, 2018, and
ii. The paid vouchers and other supporting documents were not presented for audit contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government funds.
ii. Payment for unapproved expenditure.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why paid vouchers amounting to ₦18,969,090.07 (Eighteen million, nine hundred and sixty nine thousand, ninety naira, seven kobo) were not presented for audit.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,969,090.07 being paid vouchers not presented for audit.
iii. Recover and remit to the Treasury, the sum of ₦18,969,090.07.
iv. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 6: IRREGULAR PAYMENT OF UNIVERSITY STAFF SCHOOL SALARIES FROM PERSONNEL ACCOUNT (=₦72,811,978.82)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit Observed that:

i. The sum of ₦72,811,978.82 (Seventy two million, eight hundred and eleven thousand, nine hundred and seventy eight naira, eighty two kobo) was made through twelve (12) paid vouchers to Staff of the University Staff School and security guards from January to December, 2018.
ii. The payments in (i) above were made from the personnel account of the University without evidence of appropriation from the National Assembly, and
iii. The actions in (i) and (ii) above were in contravention of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks
i. Loss of government funds.
ii. Diversion of government funds.

Management Response:
No response.

Recommendation
The Vice chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly the payment of ₦72,811,978.82 (Seventy two million, eight hundred and eleven thousand, nine hundred and seventy eight naira, eighty two kobo) being irregular payment of University Staff School and security guard salaries from personnel cost.
ii. Recover and remit the sum of ₦72,811,978.82 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 should apply.

ISSUE 7: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦7,243,337.68)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦7,243,337.68 (Seven million, two hundred and forty three thousand, three hundred and thirty seven naira, sixty eight kobo) was paid through seventeen (17) vouchers, and
ii. Evidence of relevant supporting documents such as Receipts, Store Receipt Vouchers (SRV), Originating Memos and invoices were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks
i. Loss of government funds.
ii. Diversion of government funds.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly why relevant supporting documents were not attached to paid vouchers amounting to ₦7,243,337.68 (Seven million, two hundred and forty three thousand, three hundred and thirty seven naira, sixty eight kobo);
ii. Account for the amount in (i) above.
iii. Recover and remit to the Treasury, the sum of ₦7,243,337.68.
iv Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 8: IRREGULAR PAYMENTS FROM INTERNALLY GENERATED REVENUE (=₦107,070,397.16)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account." In addition, paragraph 417 of the FR 2009, states "Expenditure shall strictly be classified in accordance with the Estimates and votes must be applied only to the purpose for which it is provided. Expenditure incorrectly charged to a vote shall be disallowed".

Audit observed that:
i. The sum of ₦107,070,397.16 (One hundred and seven million, seventy thousand, three hundred and ninety seven naira, sixteen kobo) was paid from Internally Generated Revenue (IGR) account of the University.
ii. The payments from the IGR were for Pay As You Earn (PAYE) tax, Staff Cooperative Deductions, Loan recoveries, Salary advance recoveries, Contributory Pension, Staff Salaries, Arrears of Salaries, and
iii. The payments in (ii) above were in contravention of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks
i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregular payment of ₦107,070,397.16 (One hundred and seven million, seventy thousand, three hundred and ninety seven naira, sixteen kobo) from the Internally Generated Revenue of the University.
ii. Recover and remit to the Treasury, the sum of ₦107,070,397.16.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 9: UNSUBSTANTIATED PAYMENTS TO TRADITIONAL RULERS (=₦32,775,000.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Amounts totaling ₦32,775,000.00 (Thirty two million, seven hundred and seventy five thousand naira) were paid to two (2) traditional rulers through paid vouchers with reference numbers 2940 and 022 dated 3rd December, 2018 and 27th December, 2018, respectively.
ii. The payments in (i) above were compensation to traditional rulers and land donors for land acquisition, and
iii. Relevant supporting documents such as the list of the land donors, location, size, cost of rent, survey, topography of the land and receipts were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks
i. Payments for non-existing asset.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦32,775,000.00 (Thirty two million, seven hundred and seventy five thousand naira) paid to the traditional rulers and land donors without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦32,775,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 10: VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT

paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Furthermore, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:
i. The sum of ₦32,167,780.00 (Thirty two million, one hundred and sixty seven thousand, seven hundred and eighty naira) was paid to the bank account of the University Cashier instead of the ultimate beneficiaries, and
ii. There was no evidence to confirm that the beneficiaries received the payments from the Cashier.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks
i. Diversion of public funds.
ii. Funds may not get to the beneficiaries.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,167,780.00 (Thirty two million, one hundred and sixty seven thousand, seven hundred and eighty naira).
ii. Recover and remit the sum of ₦32,167,780.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to e-payment violations specified in paragraphs 3127 and 3128 of the Financial Regulations 2009 respectively, should apply.

ISSUE 11: IRREGULARITIES IN PROCUREMENT PROCEDURES AND NON-REMITTANCE OF STATUTORY TAXES (=₦39,515,850.00)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding." Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due and services contract and actual remittance of same."

Audit observed that:
i. The sum of ₦39,515,850.00 (Thirty nine million, five hundred and fifteen thousand, eight hundred and fifty naira) was paid to various contractors for the procurement of Automotive Gas Oil (AGO).
ii. Evidence such as quotation of bidders, to show that the procurement was a product of open competitive bidding was not made available for audit, and
iii. Evidence of deduction of Withholding Tax (WHT) and Value Added Tax (VAT) amounting to ₦3,951,585.00 (Three million, nine hundred and fifty one thousand, five hundred and eighty five naira) from the payments in (i) above was not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks
i. Loss of government revenue.
ii. Diversion of public funds.
iii. Payment to ineligible contractors.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the irregularities in procurement procedures, non-deduction and non-remittance of statutory taxes totaling

₦39,515,850.00 (Thirty nine million, five hundred and fifteen thousand, eight hundred and fifty naira).

ii. Recover and remit the sum of ₦39,515,850.00 to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular award of contracts, failure to collect and account for government revenue and gross misconduct specified in paragraphs 3117, 3112(i) and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 12: UNSUBSTANTIATED PAYMENT FOR RENT (=₦3,420,000.00)

Paragraph 415 of the Financial Regulations (FR) 2009, states "The Federal Government requires all Officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦3,420,000.00 (Three million, four hundred and twenty thousand naira) was paid for the rent of a property in Abuja and the University liaison office through PV No. 1479 and PV No. 4248 dated 22/2/18 and 18/12/18, respectively.

ii. The payments in (i) above were from Internally Generated Account of the University, and

iii. Evidence of deduction of statutory taxes totaling ₦342,000.00, rent agreements, invoices/payment receipts were not made available for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Diversion of government fund.

ii. Payment for service not rendered.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦3,420,000.00 (Three million, four hundred and twenty thousand naira) being the unsubstantiated payment for rent.

ii. Recover and remit the sum of ₦3,420,000.00 to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to failure to manage or spend public funds effectively specified in paragraph 3115 of the Financial Regulations 2009, should apply.

ISSUE 13: IRREGULAR PAYMENT OF CASH ADVANCES (=₦26,633,250.00)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦27,295,250.00 (Twenty seven million, two hundred and ninety five thousand, two hundred and fifty naira) was paid to various staff accounts.
ii. The payments in (i) above ought to have been cash advances but were charged directly to the expenditure heads, and
iii. Evidence of utilisation and retirement of the funds were provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Diversion of government fund.
ii. Non-retirement of advances.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly why the sum of ₦27,295,250.00 (Twenty seven million, two hundred and ninety five thousand, two hundred and fifty naira) was charged directly to expenditure heads instead of cash advance.
ii. Account for the payment of ₦27,295,250.00.
iii. Recover and remit the sum of ₦27,295,250.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to non-retirement of advances specified in paragraph 3124 of the Financial Regulations, should apply.

ISSUE 14: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦167,651,377.90)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is

the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Non-personal advances amounting to ₦167,651,377.90 (One hundred and sixty seven million, six hundred and fifty one thousand, three hundred and seventy seven naira, ninety kobo) were granted to staff for the purchase of goods and services.
ii. Officers were granted multiple cash advances without retirement of previous ones.
iii. The advances granted were above the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iv. The action of the University resulted in the loss of ₦16,765.137.79 (Sixteen million, seven hundred and sixty five thousand, one hundred and thirty seven naira, seventy nine kobo) that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding government budget.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦167,651,377.90 (One hundred and sixty seven million, six hundred and fifty one thousand, three hundred and seventy seven naira, ninety kobo) to staff as cash advance above the approved threshold.
ii. Recover and remit the sum ₦167,651,377.90 to the Treasury.
iii. Forwardevidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 15: ILLEGAL CUSTODY OF GOVERNMENT MOTOR VEHICLES (=₦95,000,000.00)

Paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…"Also, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of

all government assets under his care;"Furthermore, paragraph 2001 of the FR 2009, states "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of Government vehicles."

Audit observed that:

i. Six (6) pool vehicles valued at ₦95,000,000.00 (Ninety five million naira), shown in the Table below, were used by the former Vice Chancellor but not returned at the expiration of his tenure.

S/N	REG. NO.	DESCRIPTION	COLOUR
1	50 P01 FG	Toyota Prado Jeep	Black
2	50 P09 FG	Toyota Prado Jeep	Black
3	50 P77 FG	Toyota Prado Jeep	Black
4	50 P80 FG	Lexus Jeep	Black
5	50 P99 FG	Toyota Corolla Salon	Black
6	50 P04 FG	Toyota Corolla Salon	Black

ii. This action by the former Vice Chancellor was in contravention of the provision of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of public asset.
ii. Diversion of government asset to personal use.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the illegal custody of government vehicles, valued at ₦95,000,000.00 (Ninety five million naira), by the former Vice Chancellor.
ii. Recover the sum of ₦95,000,000.00 and remit to the Treasury.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly; and
iv. Otherwise, sanctions relating to gross misconduct and non-payment for use of government property in paragraphs 3129 and 3113 of the Financial Regulations 2009 respectively, should apply.

ISSUE 16: CASH ADVANCES GRANTED ABOVE STATUTORY THRESHOLD (=₦94,424,786.39)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states “All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007.” Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states “On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally.” Furthermore, paragraph 1420 of the FR 2009 states “It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered.” In addition, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied.”

Audit observed that:

i. The sum of ₦94,424,786.39 (Ninety four million, four hundred and twenty four thousand, seven hundred and eighty six naira, thirty nine kobo) was spent by the University from January to December 2019 for procurement of goods and services by staff.
ii. Each payment in (i) above was more than the ₦200,000.00 threshold, in contravention of provisions of extant regulations.
iii. This practice led to the loss of revenue totaling ₦9,442,478.63 accruable to the government from statutory taxes, and
iv. Evidence such as Store Receipt Voucher was not produced to show the items were supplied.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government funds.
ii. Difficulty in funding budget.
iii. Diversion of public funds.

Management Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦94,424,786.39 (Ninety four million, four hundred and twenty four thousand, seven hundred and eighty six naira, thirty nine kobo) as cash advances above the stipulated ₦200,000.00 threshold.
ii. Recover and remit to the Treasury the sum of ₦94,424,786.39.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations 2009 should apply.

ISSUE 17: MISUSE OF INTERNALLY GENERATED REVENUE (=₦8,400,000.00)

Paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account." Furthermore, paragraph 417 of the FR 2009, states "Expenditure shall strictly be classified in accordance with the Estimates and votes must be applied only to the purpose for which it is provided. Expenditure incorrectly charged to a vote shall be disallowed". Also, Section 27(1) of the Fiscal Responsibility Act 2007 states "The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act." Similarly, Section 80(3) of the Constitution of the Federal Republic of Nigerian 1999 (as amended) states "No moneys shall be withdrawn from any public fund of the Federation, other than the Consolidated Revenue Fund of the Federation, unless the issue of those moneys has been authorized by an Act of the National Assembly".

Audit observed that:

i. The sum of ₦8,400,000.00 (Eight million, four hundred thousand naira) was spent by the University from Internally Generated Revenue (IGR) to sponsor research for trials of MOUAU HIV/AIDS Medicine through seven (7) paid vouchers of ₦1,200,000.00 (One million, two hundred thousand naira) each.
ii. These payments were already provided for by TETFund through Research Grant to the University as seen in the memo attached to the paid vouchers, and
iii. The payments in (i) above were in contravention of the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦8,400,000.00 (Eight million, four hundred thousand naira) being misuse of internally generated revenue.
ii. Recover and remit to Treasury, the sum of ₦8,400,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage or spend public funds effectively specified in paragraphs 3106 and 3115 Financial Regulations 2009 respectively, should apply.

ISSUE 18: INELIGIBLE PAYMENT OF DEFERRED LEAVE (=₦1,451,391.89)

Paragraph 100213(a) of the Public Service Rules (PSR) 2008 states "Deferred Leave is that which an officer is granted in exceptional circumstances by the Permanent Secretary or Head of Extra-Ministerial Office to carry forward to the next leave year because of exigency of duty. It could be part of annual leave not fully exhausted, or any leave approved for deferment." Furthermore, paragraph 100213(b) of the PSR 2008 states "Authorized deferred leave may be commuted to cash only where an officer has been made to retire prematurely and cannot spend all his/her deferred leave before his/her retirement."

Audit observed that:

i. The sum of ₦1,451,391.89 (One million, four hundred and fifty one thousand, three hundred and ninety one naira, eighty nine kobo) was paid to a Professor (University Academic Staff, now retired) as payment for deferred leave for six (6) sessions (ie. 1995/1996, 1999/2000, 2000/2001, 2001/2002, 2004/2005, and 2014/2015 sessions).
ii. A two-page memo dated 12th July, 2019 attached to the paid vouchers number 6264 of 18th December 2019, quoted Section 6.1(vii) of 2017 edition of Michael Okpara University of Agriculture Condition of Service for Senior Staff, which states "No leave shall be carried forward to the following year except by permission of the Vice-Chancellor obtained through the Registrar. Deferred leave may be taken with the Officer's normal leave in the following academic year/any other period agreed with the officer's terminal leave, provided that where a deferment is imposed because of exigencies of duty, the University may pay the staff in lieu of leave."
iii. The quoted Section of the University's Senior Staff Condition of Service in (ii) above, was not meant for Academic Staff of the University since Section 6.1(ii) of the same Condition of Service states "For academic staff, annual leave shall be taken during the annual long vacation. The Senate shall determine the period of the long vacation each year."
iv. The Professor was, and has been an academic staff since his transfer of service from University of Nigeria, Nsukka (UNN) on 1st of July, 1994 till 1st of December 2019 when he retired on attainment of 70 years of age, and
v. The payment of ₦1,451,391.89 (One million, four hundred and fifty one thousand, three hundred and ninety one naira, eighty nine kobo) to the Professor as deferred leave allowance cannot be accepted as a legitimate charge on public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the ineligible payment of ₦1,451,391.89 (One million, four hundred and fifty one thousand, three hundred and ninety one naira, eighty nine kobo) as deferred leave.
ii. Recover and remit to the Treasury, the sum of ₦1,451,391.89.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 19: UNDER-PERFORMANCE OF REVENUE BUDGET (=₦328,564,802.50)

Paragraph 112(i)(k) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …ensuring that all revenue collected are compared with the budgeted estimates with a view to highlighting the variances, positive or otherwise and the reasons for them;…"

Audit observed that:

i. The sum of ₦750,506,000.00 (Seven hundred and fifty million, five hundred and six thousand naira) was the budgeted revenue in 2019.
ii. The sum of ₦421,941,197.50 (Four hundred and twenty one million, nine hundred and forty one thousand, one hundred and ninety seven naira, fifty kobo) was realized from (i) above resulting in an under-performance of ₦328,564,802.50 (Three hundred and twenty eight million, five hundred and sixty four thousand, eight hundred and two naira, fifty kobo) as shown in the Table below, and

2019 Revenue Budget Performance			
Subheads	**Budget (₦)**	**Actual (₦)**	**Under-Performance (₦)**
Post UTME	16,000,000.00	10,176,850.50	5,823,149.50
P.G application	30,000,000.00	9,736,802.50	20,263,197.50
Hostel	125,056,000.00	63,182,117.50	61,873,882.50
P.G fees returning/ old and new	240,000,000.00	161,318,496.00	78,681,504.00
CEC fees and acceptance	264,000,000.00	130,347,888.00	133,652,112.00
MOUAU DSS	48,750,000.00	33,313,842.50	15,436,157.50
MOUAU Primary	11,700,000.00	7,792,343.00	3,907,657.00
Rent and residential building	3,500,000.00	222,200.00	3,277,800.00
Sandwich	4,000,000.00	1,896,500.00	2,103,500.00
Transcript fees	7,500,000.00	3,954,157.50	3,545,842.50
TOTAL	**750,506,000.00**	**421,941,197.50**	**328,564,802.50**

iii. There was no reason to justify the under-performance.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government revenue.
ii. Difficulty in funding budget.

Management Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦328,564,802.50 (Three hundred and twenty eight million, five hundred and sixty four thousand, eight hundred and two naira, fifty kobo) being under-performance of revenue budget.
ii. Recover and remit to the Treasury, the sum of ₦328,564,802.50.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraphs 3112 of the Financial Regulations 2009 should apply.

ISSUE 20: PAID VOUCHERS NOT STAMPED "PAID" (=₦11,302,300,429.96)

Paragraph 622 of the Financial Regulations (FR) 2009, states "Immediately after payment is made, the paying officer shall stamp the original voucher and all copies, all invoices warrant or other supporting documents "PAID"."

Audit observed that:

i. The sum of ₦11,302,300,429.96 (Eleven billion, three hundred and two million, three hundred thousand, four hundred and twenty nine naira, ninety six kobo) was paid for various transactions.
ii. None of thepaid vouchersfor the amount in (i) above was stamped "PAID", and
iii. No justification was given for the action in (ii) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Duplication of payment.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦11,302,300,429.96 (Eleven billion, three hundred and two million, three hundred

thousand, four hundred and twenty nine naira, ninety six kobo) being paid vouchers not stamp "PAID", and

ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 21: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦4,000,000.00)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. Payments totaling ₦4,000,000.00 (Four million naira) were made to some External Solicitors for legal services involving the University, and

ii. Relevant evidence that the University sought and obtained the approval of the Honourable Minister of Justice and Attorney-General of the Federation before engaging and determining the fees to be paid to the External Solicitors, was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Engagement of unlicensed legal firms.

ii. Payment of excessive legal fees.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦4,000,000.00 (Four million naira) for the engagement of external solicitors without the approval of the Honourable Minister of Justice and Attorney-General for the Federation.

ii. Recover and remit the sum of ₦4,000,000.00 to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to failure to spend public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 22: NON-REMITTANCE OF STATUTORY TAXES (=₦18,848,076.18)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦18,848,076.18 (Eighteen million, eight hundred and forty eight thousand, seventy six naira, eighteen kobo) was deducted as Withholding Taxes (WHT) and Stamp duties from various contracts between 2016 and 2017 from NEEDS ASSESSMENT ACCOUNT.
ii. There was no evidence that the amount in (i) was remitted to the tax authorities, and
iii. The Internal Auditor's Report for third and fourth quarters, 2019 also reaffirmed the non remittance of statutory taxes.

The above anomalies could be attributed to weaknesses in the internal control system at Michael Okpara University of Agriculture, Umudike, Abia State.

Risks

i. Loss of government revenue
ii. Difficulty in funding budget.
iii. Diversion of public funds.

Management Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-remittance of statutory taxes amounting to ₦18,848,076.18 (Eighteen million, eight hundred and forty eight thousand, seventy six naira, eighteen kobo) to the relevant tax authorities.
ii. Recover and remit the sum of ₦18,848,076.18 to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to loss of government revenue through VAT and WHT and failure to collect and account for Government Revenue specified in paragraphs 234(ii) and 3112 of the Financial Regulations 2009 respectively, should apply.

NATIONAL BOARD FOR ARABIC AND ISLAMIC STUDIES, KADUNA

At the National Board for Arabic and Islamic Studies (NBAIS), Kaduna, Kaduna State for the period January 2018 to December 2019, the following observations were made:

ISSUE 1: IRREGULAR PAYMENT OF SITTING ALLOWANCE (=₦2,675,000.00)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 2 of the Establishment Circular Ref. No SWC/S/04/S.310/T/65 dated 8th April 2016 stipulates that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year.

Audit observed that:

i. The sum of ₦2,675,000.00 (Two million, six hundred and seventy five thousand naira) was paid to some officers of the National Board for Arabic and Islamic Studies (NBAIS), Kaduna.
ii. The officers paid from five (5) payments in (i) above were full-time staff and as such, not entitled to sitting allowance in accordance with provisions of extant regulations, and
iii. There was no budgetary provision for the payments in the Appropriation Act.

The above anomalies could be attributed to weaknesses in the internal control system at the National Board for Arabic and Islamic Studies (NBAIS), Kaduna.

Risks

i. Waste of public funds.
ii. Diversion of public funds.

Management's Response

The management is please to remind the Auditor General that the Board migrated from Northern Nigeria Ministry of Education and Ahmadu Bello University to Federal Ministry of Education and have been taken care of the Board Members, including those staff that came from the University. This tradition has been stopped since 2018 with the guide and advice of the team of Auditors.

Recommendations

The Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,675,000.00 (Two million, six hundred and seventy five thousand naira), being irregular payment of sitting allowances to staff.
ii. Recover and remit the sum of ₦2,675,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT OF ANNUAL SUBSCRIPTIONS, FEES AND OTHER RELATED CHARGES (=₦1,166,933.33)

Paragraph 1 of the Establishment Circular with reference No. HCSF/PSO/666/11/214 of 1st April, 2009 states "…henceforth, Ministries, Departments and Agencies of Government shall no longer pay annual membership subscriptions, professional fees and other related charges which are linked to the career progression of individual officers to professional bodies/organizations, on behalf of officers in the Service. Henceforth, such professional fees/annual subscriptions should be borne by the affected officers."

Audit observed that:

i. The sum of ₦1,166,933.33 (One million, one hundred and sixty six thousand, nine hundred and thirty three naira, thirty three kobo) was paid through four (4) vouchers to professional bodies on behalf of staff for induction, course fees and other related charges, and
ii. The payments in (i) above were linked to career progression of the officers'against the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at National Board for Arabic and Islamic Studies (NBAIS), Kaduna.

Risks

i. Loss of government funds.
ii. Misapplication of funds.

Management's Response

Been a new board and for its smooth take off, the Management approved that a limited number of staff be encouraged on passionate ground to acquire the certificates to enhance productivity. Your advice has been noted and will guide against future occurrences.

Recommendations

The Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the payment of ₦1,166,933.33 (One million, one hundred and sixty six thousand, nine hundred and thirty

three naira, thirty three kobo), being irregular payment of annual subscriptions, fees and other related charges.

ii. Recover the sum of ₦1,166,933.33 and remit to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and

iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 3: UNRETIRED IMPREST (=₦4,890,000.00)

Paragraph 1011(i) of the Financial Regulations (FR) 2009 states "All standing imprests must be retired on or before the 31st December of the financial year in which they are issued while Special imprest shall be retired immediately the reason for which they were granted cease to exist. Retirement will be effected by the production of vouchers and/or cash for the full amount of the imprest." In addition, paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Furthermore, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Three (3) imprests totaling ₦4,890,000.00 (Four million, eight hundred and ninety thousand naira) were granted to staff for departments, units, zones and operational offices of the Board, and

ii. There was no evidence of retirement of the imprests.

The above anomalies could be attributed to weaknesses in the internal control system at the National Board for Arabic and Islamic Studies (NBAIS), Kaduna.

Risks

i. Loss of government funds.

ii. Diversion of public funds.

Management's Response

Accept the Board assurances that all imprest and advances have been cleared and taken up.

Recommendations

The Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the non retirement of imprest of ₦4,890,000.00 (Four million, eight hundred and ninety thousand naira).

ii. Recover and remit to the Treasury, the sum of ₦4,890,000.00.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to non-retirement of imprest specified in paragraph 3124 of the Financial Regulations 2009 should apply.

ISSUE 4: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦3,950,000.00)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. Payments totaling ₦3,950,000.00 (Three million, nine hundred and fifty thousand naira) were made to three (3) solicitors as legal fees between 2018 and 2019, and

iii. Relevant evidence that the Board sought and obtained the approval of the Honourable Minister of Justice and Attorney-General of the Federation before engaging and determining the fees to be paid to the External Solicitors, was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Board for Arabic and Islamic Studies (NBAIS), Kaduna.

Risks

i. Engagement of inexperienced/unqualified solicitors.
ii. Loss of government funds through excessive fees.

Management's Response

The Board was confronted with a lot of court cases and issues of which the legal department was not strong enough to defend the Board. Due to urgency of the issues the Board has to temporarily appoint external solicitors for the defence.

Recommendations

The Registrar should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦3,950,000.00 (Three million, nine hundred and fifty thousand naira) for the engagement of external solicitors without the approval of the Honourable Minister of Justice and Attorney-General for the Federation.
ii. Recover and remit the sum of ₦3,950,000.00to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to spend public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

UNIVERSITY OF ABUJA

At the University of Abuja, for the period, January 2018 to December 2019, the following observations were made:

ISSUE 1: IRREGULAR PAYMENT OF SALARY TO FORMER VICE CHANCELLOR (=₦7,493,436.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted". Furthermore, paragraph 112(g) of the FR 2009 states "The Functions of the Accounting Officer shall include ensuring prudence in the expenditure of public funds." Also, paragraph 100222 of the Public Service Rule (PSR) 2008 states "Sabbatical leave is the absence of an officer on GL.15 or equivalent and above from duty, for the purpose of research either within or outside Nigeria. The Officer on sabbatical leave shall be qualified to undertake properly organized study in areas relevant to the interest of the service or national development for a period of twelve months once in five years."

Audit observed that:

i. The sum of ₦7,493,436.00 (Seven million, four hundred and ninety three thousand, four hundred and thirty six naira) was paid to the Vice-Chancellor from July, 2019 to December 2019, whose tenure expired on 30th June, 2019.
ii. The former Vice Chancellor was a political appointee and not a career officer on sabbatical leave during the period in (i) above, and
iii. The Vice Chancellor, being a political appointee and on Sabbatical leave, was entitled to the payment in.

The above anomalies can be attributed to weaknesses in the internal control system at the University of Abuja.

Risks

i. Waste of public fund
ii. Loss of public fund

Management's Response

This is a Governing Council Approval and Regulations governing the Condition of Service for Principal Officers and Senior Staff. It is peculiar to Nigerian Universities for an Outgoing Vice-Chancellor to be entitled to his salary and allowances and also be on Sabbatical leave for one year after his tenure.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts committees of the National Assembly, the payment of ₦7,493,436.00 (Seven million, four hundred and ninety three thousand, four hundred and thirty six naira), being irregular payment of salary to Former Vice Chancellor.
ii. Recover the sum of ₦7,493,436.00 and remit to the Treasury.

iii. Forward evidence of remittance to the Public Accounts committees of the National Assembly, and
iii. Otherwise, sanction relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: IRREGULAR PAYMENT OF OVERSEA LEAVE ALLOWANCE TO FORMER VICE CHANCELLOR (=₦9,203,930.00)

National Salaries, Incomes & Wages Commission circular reference number SWC/S/04/S.303/II/366 dated 4th May 2017 states "For the avoidance of doubt, as part of the terms and conditions of service including remuneration and fringe benefits, Chief Executives of agencies including Vice Chancellors of Federal Universities and Heads of other tertiary institutions upon the expiration of their tenures are only entitled to severance gratuity of 300% of annual basic salary'' Furthermore, section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:
i. The sum of ₦9,203,930.00 (Nine million, two hundred and three thousand, nine hundred and thirty naira) was paid to a retired Vice Chancellor (VC) through payment voucher number 08/007 of 19th August, 2019, as leave allowanceto travel abroad with his wife and four children.
ii. There was no budgetary provision for the payment in (i) above in the Appropriation Act, and
iii. There was no evidence of approval by the relevant authority before the payment was made.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Abuja.

Risks
i. Waste of public funds.
ii. Diversion of public funds.
ii. Difficulty in funding budget.

Management's Response
This is also a Governing Council's approval that Vice-Chancellors at the end of their Tenure are entitled to end of term overseas leave for themselves, wives and four children (who should not be more than 18 years of age) for a period of 28 days. According to the Regulations governing the Condition of Service for Principal Officers and Senior Staff. There was budgetary provision for the gift items from the University Internally Generated Revenue (IGR) Budget. The items were charged to Ceremonies & Functions.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,203,930.00 (Nine million, two hundred and three thousand, nine hundred and thirty naira), being irregular payment of Oversea Allowance to the former Vice-Chancellor.
ii. Recover and remit the sum of ₦9,203,930.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: IRREGULAR SPONSORSHIP OF COUNCIL CHAIRMAN ON FOREIGN TOUR (=₦4,744,981.25)

Paragraph 1 of of the Establishment Circular Ref. No: SWC/S/04/S.310/T/65 dated 8th April 2016 states "As part of Federal Government measures to reduce the cost of governance in order to make more funds available for priority projects, Government has approved the review of the frequency of meetings for part time Chairmen and Members of Committees, Boards of Statutory Corporation, Agencies and Government-Owned Companies…" The Circular limits the allowances of the Chairman of the Governing Council in 'Category B' to ₦85,000.00 per sitting, for a maximum of 4 sittings per annum. Furthermore, paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted''.

Audit observed that:

i. The sum of ₦4,744,981.25 (Four million, seven hundred and forty four thousand nine hundred and eighty one naira, twenty five kobo) was paid to the Chairman of the Governing Council for sponsorship of foreign tour, and
ii. The payment in (i) above contravened provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Abuja.

Risks

i. Loss of public funds.
ii. Misapplication of funds

Management's Response

The Council Chairman was invited for this foreign trip. Kindly see his duly stamped passport and visa for the said trip. It is not an unauthorized trip.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦4,744,981.25 (Four million, seven hundred and forty four thousand nine hundred and

eighty one naira, twenty five kobo) to the Chairman of the Governing Council, being irregular sponsorship for foreign tour.

ii. Recover and remit to the Treasury, the sum of ₦4,744,981.25.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregularpayment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 4: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦5,855,862.00)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. The sum of ₦5,855,862.00 (Five million, eight hundred and fifty five thousand, eight hundred and sixty two naira) was paid to contractors for procurement store items, and

ii. There was no evidence that the supplies were made as the items were not taken on store ledger charge and Store Received Vouchers (SRV) issued to authenticate the supplies in contravention of FR 2405.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Abuja.

Risks

i. Loss of government funds

ii. Payment for items not supplied

iii. Diversion of public funds.

Management's Response

The issue of stock related items not taken on charge amounting to ₦5,855,862.00 were actually items of cash advance to staff to perform certain functions.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,855,862.00 (Five million, eight hundred and fifty five thousand, eight hundred and sixty two naira), being store items not taken on ledger charge.

ii. Recover and remit to the Treasury, the sum of ₦5,855,862.00.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: IRREGULAR PAYMENT FOR SPONSORSHIP OF STAFF FOR PROFESSIONALPROGRAMMES (=₦5,335,374.00)

Paragraph 1 of the Establishment Circular with reference No. HCSF/PSO/666/11/214 of 1st April, 2009 states "…henceforth, Ministries, Departments and Agencies of Government shall no longer pay annual membership subscriptions, professional fees and other related charges which are linked to the career progression of individual officers to professional bodies/organizations, on behalf of officers in the Service. Henceforth, such professional fees/annual subscriptions should be borne by the affected officers."

Audit observed that:
i. The sum of ₦5,468,534.00 (Five million, four hundred and sixty eight thousand, five hundred and thirty four naira) was paid to professional bodies on behalf of staff, and
ii. The payments in (i) above were linked to career progression of the officers against the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Abuja.

Risks
i. Waste of public funds.
ii. Diversion of public funds.

Management's Response
These are sponsorship of professional training that would enhance the officers' professionalism as it relates to the current job schedule.

Recommendations
The Vice Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the payment of ₦5,468,534.00 (Five million, four hundred and sixty eight thousand, five hundred and thirty four naira), being irregular payment for sponsorship of staff for professional programmes.
ii. Recover the sum of ₦5,468,534.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 6: IRREGULAR PROCUREMENT OF CONSULTANTS (=₦80,025,620.00)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided by this Act, all procurements of goods and works open by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA 2007 states "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." Also, paragraph 2 of the Treasury Circular Ref. No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March 2015 states "With effect from 1st April 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government." Furthermore, paragraph 3(d) of the Treasury Circular with Ref No TRYA6&B6/2019OAGF/CAD/026/V.111/401 of 17th October, 2019 states "Notwithstanding the provisions of any other circular(s), revenue collection and accounting shall not be concessioned at a fee or commission to any consultant(s) or third-party, without express/written approval of the President of Federal Republic of Nigeria."

Audit observed that:

i. The sum of ₦80,025,620.00 (Eighty million, twenty five thousand, six hundred and twenty naira) was paid to two (2) consultants for technology services rendered on e-collection charges from students of the university from nine (9) payments.
ii. Evidence of procurement due process and Memorandum of Understanding between the parties for the consultancy contract was not made available for audit.
iii. The approval of Mr. President for the engagement of the consultants was not produced for audit, and
iv. Evidence of deduction of value added tax (VAT) of ₦4,001,281.00 (Four million, one thousand, two hundred and eight one naira) from the payment of ₦80,025,620.00to the consultant was not provided.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Abuja.

Risks

i. Diversion of public funds.
ii. Loss of government funds.

Management's Response

In order to ensure proper data collection and management of Student Information, these consultants were engaged to assist the University in this aspect. The University does not have the internal capacity to build such system, hence the arrangement to have this cloud-based system.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦80,025,620.00 (Eighty million, twenty five thousand, six hundred and twenty naira) being irregular payment to consultants.
ii. Recover and remit to the Treasury, the sum of ₦80,025,620.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively should apply.

ISSUE 7: PAYMENT OF DUTY TOUR ALLOWANCES IN EXCESS OF APPROVED RATES (=₦2,113,000.00)

Paragraph 1411(i) of the Financial Regulations (FR) 2009 states "The following duty tour allowances shall be paid to any officer on official tour within Nigeria:

Minister/SGF/HOS	₦35,000 per diem
The Permanent Secretary/Chief Executives	₦20,000 per diem
Officers on Grade Level 15-17	₦16,000 per diem
Officers on Grade Level 7-14	₦12,000 per diem
Officer on Grade Level 06 and below	₦5,000 per diem

Audit observed that:

i. The University paid Duty Tour Allowances (DTA) to some officers in 2020, and
ii. The DTA in (i) above, exceeded the approved rates by ₦2,113,000.00 (Two million, one hundred and thirteen thousand naira).

These anomalies can be attributed toweaknesses in the internal control system at the University of Abuja.

Risks

i. Loss of government fund.
ii. Diversion of government fund.

Management's Response

The Governing Council as empowered by the University of Abuja Act, considered and approved the Allowance for various categories of staff in the University in conjunction with circular from Salaries and Wages commission. The payments were also based on Governing Council approval.

Recommendations

The Vice Chancellor should be requested to:

i. Recover and remit to the Treasury, the sum of ₦2,113,000.00 (Two million, one hundred and thirteen thousand naira) being excess Duty Tour Allowances paid to officers of the University.

ii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraph 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 8: IRREGULAR ENGAGEMENT OF CONSULTANTS (=₦14,104,000.00)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided by this Act, all procurements of goods and works open by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA 2007 states "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." Also, paragraph 2 of the Treasury Circular Ref No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March 2015 states "With effect from 1st April 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government."Furthermore, paragraph 3(d) of the Treasury Circular with Ref No TRYA6&B6/2019 OAGF/CAD/026/V.111/401 of 17th October, 2019 states "Notwithstanding the provisions of any other circular(s), revenue collection and accounting shall not be concessioned at a fee or commission to any consultant(s) or third-party, without express/written approval of the President of Federal Republic of Nigeria."

Audit observed that:
i. The sum of ₦14,104,000.00 (Fourteen million, one hundred and four thousand naira) was paid to a consultant for technology fee for post UTME screening.
ii. The modalities for the engagement of the consultant such as Memorandum of Understanding (MOU), Contract Agreement, Service Level Agreement (SLA) between the partieswere not produced for audit.
iii. The approval of Mr. President for the engagement of the consultants was not produced for audit, and
iv. The payments to the consultants for the screening exercise were not subjected to tax.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Abuja.

Risks
i. Engagement of incompetent consultant.
ii. Loss of government revenue
iii. Diversion of government funds.

Management's Response
The engagement of consultants for screening of students on post UTME followed due process and was a one-off transaction in order to get and acquire the necessary software that would

automatically score candidates on their WASCE, NECO, JAMB and Post-UTME scores immediately. The software has access to all the regulatory portals. The University has since been using this software to process Post-UTME.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,104,000.00 (Fourteen million, one hundred and four thousand naira) being irregular engagement of consultants.
ii. Recover and remit to the Treasury, the sum of ₦14,104,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively should apply.

UNIVERSITY OF UYO, AKWA IBOM STATE

At the University of Uyo, Akwa Ibom State, for the period January to December 2020, the following observations were made:

ISSUE 1: OVERPAYMENT TO CONTRACTOR (=₦36,911,479.50)

Paragraph 415 of the Financial Regulations (FR) 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Furthermore, paragraph 412 FR 2009, states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. A contract valued at ₦144,521,270.50 (One hundred and forty four million, five hundred and twenty one thousand, two hundred and seventy naira, fifty kobo) was awarded to a contractor through award reference no. UU/VC/DP/1/VOL.1/153 dated July 05, 2017.
ii. The project was handed over to the University on 18th June, 2020 and the sum of ₦150,926,000.00 (One hundred and fifty million, nine hundred and twenty six thousand naira) was paid to the contractor resulting in an overpayment of ₦6,404,729.50 (Six million four hundred and four thousand, seven hundred and twenty nine naira, fifty kobo).
iii. Relevant documents to support the overpayment such as the approval for contract variation was not provided for audit.
iv. The Bill of Quantity for the contract showed that the following were to be constructed:

	₦
• Indoor Sports Hall –	62,042,515.00
• Football Pitch –	25,334,471.83

- High Jump and Shot put – 7,953,470.00
- Tripple Jump and Long Jump – 3,885,680.00
- Javlin – 11,086,760.00
- Track – 7,580,840.00

v. Only the Indoor sports Hall and Football Pitch were constructed while the other facilities amounting to ₦30,506,750.00 (Thirty million, five hundred and six thousand, seven hundred and fifty naira) were not constructed despite the full and final payment to the contractor.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the payment of ₦6,404,729.50 (Six million four hundred and four thousand, seven hundred and twenty nine naira, fifty kobo) and ₦30,506,750.00 (Thirty million, five hundred and six thousand, seven hundred and fifty naira) being overpayment to the contractor and payment for projects not executed respectively.
ii. Recover and remit the sum of ₦36,911,479.50 (Thirty six million, nine hundred and eleven thousand, four hundred and seventy nine naira, fifty kobo) to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed specified in paragraph 3104 (iii) of the Financial Regulations 2009 should apply.

ISSUE 2: AWARD OF CONSULTANCY SERVICE CONTRACT TO A RELATED PARTY (=₦50,380,127.61)

Paragraph 2913 of the Financial Regulations (FR) 2009 states "persons who have been involved in the preparation of procurement proceedings shall not qualify to bid for the procurement either as a main contractor or sub-contractor."

Audit observed that:

i. The sum of ₦50,380,127.61 (Fifty million, three hundred and eighty thousand, one hundred and twenty seven naira, sixty one kobo) was paid for consultancy services relating to the construction and furnishing of the Faculty of Law with associated external works in the main campus.

ii. The contract was awarded to a related party who participated in the entire process of technical and financial bid evaluation and prepared the tender documents of the contract, and
iii. The action in (ii) above is in contravention with extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks
i. Payment made to ineligible contractors.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Vice-Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the award of contract and payment of ₦50,380,127.61 (Fifty million, three hundred and eighty thousand, one hundred and twenty seven naira, sixty one kobo) to a related party.
ii. Refund and remit to the Treasury, the sum of ₦50,380,127.61.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct stated in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 3: PAYMENTS FOR CONTRACT NOT EXECUTED (=₦488,118,458.36)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦488,118,458.36 (Four hundred and eighty million, one hundred and eighteen thousand, four hundred and fifty eight naira, thirty six kobo) was paid to contractors for work not executed, and
ii. The payments in (i) above were approved by the management based on the contractor's request for payment without evidence of valuation of work done.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks
i. Loss of government funds.
ii. Misappropriation of funds

Management's Response
No response.

Recommendations
The Vice-Chancellor should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly for the sum of ₦488,118,458.36 (Four hundred and eighty million, one hundred and eighteen thousand, four hundred and fifty eight naira, thirty six kobo) being payment for work not done.
ii. Recover and remit the sum of ₦488,118,458.36 to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular award of contract and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations2009 respectively, should apply.

ISSUE 4: PAYMENT MADE TO SUB-CONTRACTORS WITHOUT POWER OF ATTORNEY (=₦684,895,996.69)

Paragraph 615 of the Financial Regulations (FR) 2009 states "When payments are to be made to legal representatives, authorities such as Powers of Attorney, Letters of Administration, etc. shall be presented to the Sub-Accounting Officer for inspection and a certificate showing that they have been seen should be appended to the voucher…"Furthermore, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observed that:
i. The sum of ₦684,895,996.69 (Six hundred and eighty four million, eight hundred and ninety five thousand, nine hundred and ninety six naira, sixty nine kobo) was paid to a sub-contractor, and
ii. Relevant documents such as Power of Attorney, acknowledgement certificate by the Sub-Accounting Officer, etc. was not presented for audit, and
iii. The action in (ii) above is in violation of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks
i. Loss of government funds.
ii. Litigation arising from payment to a third party.
iii. Diversion of government funds.

Management's Response
No response.

Recommendations
The Vice-Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦684,895,996.69 (Six hundred and eighty four million, eight hundred and ninety five thousand, nine hundred and ninety six naira, sixty nine kobo) to a sub-contractor without Power of Attorney.
ii. Recover and remit to the Treasury, the sum of ₦684,895,996.69.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 5: PAYMENT OF PROJECT ADMINISTRATION COST WITHOUT EVIDENCE OF UTILISATION (=₦60,908,317.80)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦33,776,160.98 (Thirty three million, seven hundred and seventy six thousand, one hundred and sixty naira, ninety eight kobo) and ₦27,132,156.82 (Twenty seven million, one hundred and thirty two thousand, one hundred and fifty six naira, eighty two kobo) were paid to Federal Ministry of Education and Physical Planning Department of the University, respectivelyas, project administration cost,
ii. The amounts in (i) above totaling ₦60,908,317.80 (Sixty million, nine hundred and eight thousand, three hundred and seventeen naira, eighty kobo) were included in the Bill of Engineering Measurement and Evaluation (BEME) for contracts awarded and paid for in 2019 as provisions for project administration cost, and
iii. Evidence of utilisation of the project administration cost was not produced for audit.

These anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks
i. Loss of Government funds
ii. Diversion of government funds.

Management's Response
No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly the paymentof the sum of ₦60,908,317.80 (Sixty million, nine hundred and eight thousand, three hundred and seventeen naira, eighty kobo) without evidence of utilization.
ii. Recover and remit to Treasury, the sum of ₦60,908,317.80 and forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to payment for job not executed and failure to spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 6: PAYMENT FOR CONTRACTS WITHOUT CONSULTANT'S VALUATION CERTIFICATE (=₦747,348,981.86)

Paragraph 2.2of the Federal Circular Ref. TRY/A2 & B2/2019 OAGF/CAD/026/V.III/358 dated 8th July, 2019 provides that to facilitate interim and final payments of Government contracts for works, Valuation Certificate is required. Also, paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦747,348,981.86 (Seven hundred and forty seven million, three hundred and forty eight thousand, nine hundred and eighty one naira, eighty six kobo) was paid to contractors.
ii. The University engaged supervising consultants for projects to ensure independent appraisals of project progression and milestone achieved before payments. However, the University's Physical Planning Department valuation certificate was used for payments instead of the consultant's valuation certificate, and
iii. The payment in (i) above is contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Diversion of government funds.
ii. Payment for work not done.

Management's Response

No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify the payments of ₦747,348,981.86 (Seven hundred and forty seven million, three hundred and forty eight thousand, nine hundred and eighty one naira, eighty six kobo) without consultant's valuation certificates.
ii. Recover and remit to the Treasury, the sum of ₦747,348,981.86.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 7: PAYMENT FOR CONTINGENCY WITHOUT SUPPORTING DOCUMENTS (=₦82,443,222.89)

Paragraph 412 of the Financial Regulations (FR) 2009 states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with terms of the contract agreement, that as regards supplies, the articles have been received and, in the case of work, that it has been properly done. In the case of payment on account, no money will be claimed other than the cost of the work certified tohave been performed. Furthermore, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Similarly, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The sum of ₦82,443,222.89 (Eighty two million, four hundred and forty three thousand, two hundred and twenty two naira, eighty nine kobo) was included in the Bill of Quantity (BOQ) as Contingency for various contracts, and
ii. Relevant supporting documents to substantiate the payment of (i) above for contingency, such as application from the contractors, the approval of the Vice Chancellor, and breakdown of the expenditure were not produced for audit.

The aboveanomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Diversion of public funds.
ii. Payment for work not done.

Management's Response

No Response

Recommendations

The Vice-Chancellor should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the payment of ₦82,443,222.89 (Eighty two million, four hundred and forty three thousand, two hundred and twenty two naira, eighty nine kobo) as contingency without approval and evidence of utilisation.
ii. Recover and remit to the Treasury, the sum of ₦82,443,222.89.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and irregular payment specified in paragraphs3104(iii) and 3106 of the Financial Regulations2009 respectively should apply.

ISSUE 8. PAYMENT OF NON-REGULAR ALLOWANCES TO OFFICERS OF THE UNIVERSITY (=₦258,124,496.86)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC ActCAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦258,124,496.86 (Two Hundred and fifty eight million, one hundred and twenty four thousand, four hundred and ninety six naira, eighty six kobo) was disbursed to staff of the University as peculiar, hazard and COMPUASS allowances for January, 2020, and
ii. The payment in (i) above was made without obtaining appropriate approval from the National Salaries, Incomes and Wages Commission (NSIWC).

The aboveanomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Diversion of public funds.
ii. Loss of government funds.

Management's Response

No Response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦258,124,496.86 (Two hundred and fifty eight million, one hundred and twenty four thousand, four hundred and ninety six naira, eighty six kobo) being payment of non-regular allowances without approvals by NSIWC.
ii. Recover and remit the sum of ₦258,124,496.86 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees ofthe National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 9: IRREGULAR PAYMENT OF ALLOWANCES (=₦12,060,000.00)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 1 of the Establishment Circular Ref. No. SWC/C/S.302/1 dated 18th January, 2007 states "The President, Commander-in-Chief of the Armed Forces, has approved a new salary structure for tertiary institutions and research institutes in the Federal Public Service. The new structure known as the Consolidated Tertiary Institutions Salary Structure (CONTISS) is attached as Annex I. The items consolidated with the basic salary are transport allowance, meal subsidy, utility allowance, leave grant, journal allowance, research allowance, learned society allowance, furniture allowance, examination administration allowance, field trip allowance, industrial supervision allowance, responsibility allowance, inducement allowance, administrative officer allowance, rural posting allowance, clinical duty allowance, teaching allowance, domestic servant allowance and driver's allowance (for entitled officers)."

Audit observed that:

i. The University Management disbursed the sum of ₦12,060,000.00 (Twelve million and sixty thousand naira) through three (3) paid vouchers in 2020.
ii. The payments in (i) above, were for Teaching Practice Allowance to lecturers in Faculty of Education, Rent Allowance for Staff of Abuja and Lagos Liaison offices for 2020, and
iii. These allowances were not in accordance with the Consolidated Tertiary Institution Salary Structure (CONTISS) and the Consolidated University Academic Salary Structure (CONUASS).

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Vice-Chancellor should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦12,060,000.00 (Twelve million and sixty thousand naira) being irregular payment of allowances.
ii. Recover and remit to the Treasury, the sum of ₦12,060,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

ISSUE 10: IRREGULAR PAYMENT OF WARDROBE ALLOWANCE TO COUNCIL MEMBERS AND STAFF (=₦6,000,000.00)

Paragraph 2 of the Establishment Circular Ref. No SWC/S/04/S.310/T/65 dated 8th April 2016 stipulates that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year. Also, paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 417 of FR 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:
i. The sum of ₦6,000,000.00 (Six million naira) was paid to Council Members and some University staff as annual "Wardrobe Allowance" through voucher No. 576 of 31st August, 2020, and
ii. The payment in (i) above is contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks
i. Loss of government funds.
ii. Diversion of government funds.

Management's Response
No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦6,000,000.00 (Six million naira) being wardrobe allowance paid to Council members.
ii. Recover and remit to the Treasury, the sum of ₦6,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009 should apply.

ISSUE 11: PAYMENT OF UNAPPROVED QUARTERLY ALLOWANCES TO INTERNAL COUNCIL MEMBERS (=₦28,200,000.00)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC ActCAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦28,200,000.00 (Twentyeight million, two hundred thousand, naira) was paid to members of staff who are internal council members of the University as quarterly festive, maintenance, security andmedical allowances.
ii. The medical allowance had already been consolidated into the salary emolument of staff, which resulted in double payment to the University officers, and
iii. Evidence of approval from the National Salaries, Incomes and Wages Commission authorizing the payment of the allowances in (i) above was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management Response

No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦28,200,000.00 (Twenty-eight million, two hundred thousand, naira) being payment of quarterly festive, maintenance, security andmedical allowances to members of staff who are internal council members.
ii. Recover and remit to Treasury, the sum of ₦28,200,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

ISSUE 12: IRREGULAR PAYMENT OF QUARTERLY ALLOWANCE TO EXTERNAL COUNCIL MEMBERS (=₦13,470,000.00)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC ActCAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦13,470,000.00 (Thirteen million, four hundred and seventy thousand naira) was paid to the external Governing Council members as quarterly allowance through paid vouchers numbers 100, 104 and 330 of 29th February, 2020, 31st May, 2020 and 30th November, 2020 respectively, and
ii. The payment of quarterly allowance to the external Council member was in violation of extant regulations.

The above anomalies could be attributed to Weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of Government funds
ii. Waste of government funds

Management's Response

No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assemblythe payment of ₦13,470,000.00 (Thirteen million, four hundred and seventy thousand naira) to the external Governing Council members as quarterly allowance.
ii. Recover and remit to Treasury, the sum ₦13,470,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 13: IRREGULAR AWARD OF CONTRACT AND NON-DEDUCTION OF STATUTORY TAXES (=₦47,788,000.00)

Paragraph 1 of the Establishment Circular Ref. No. SGF/OP/I/S.3/XI/849 of 14th January, 2016 states "…Mr. President has approved the revision of Prior Review Thresholds for Service-Wide Application for procurement of Goods, Works and Services as follows:

Approving Authority/"No Objection" to award	Goods	Works	Non-Consultant/Services
BPP Certificate of "No Objection" to Contract award/FEC approved	₦100 million and above	₦500 million and above	₦100 million and above
Ministerial Tenders Board	₦5 million and above but less than ₦100 million	₦10 million and above but less than ₦500 million	₦5 million and above but less than ₦100 million
Parastatal Tenders Board	₦2.50 million and above but less than ₦50 million	₦5 million and above but less than ₦250 million	₦2.50 million and above but less than ₦50 million
Accounting Officer: Permanent Secretary	Less than ₦5 million	Less than ₦10 million	Less than ₦5 million
Accounting Officer: Director General/CEO	Less than ₦2.50 million	Less than ₦5 million	Less than ₦2.50 million

" Also, section 16(2) of the Public Procurement Act (PPA), 2007 states "Where the Bureau has set prior review thresholds in the procurement regulations, no funds shall be disbursed from the Treasury or Federation Account or any bank account of any procuring entity for any procurement falling above the set thresholds unless the cheque, payments or other form of request for payments is accompanied by a certificate of "No Objection" to an award of contract duly issued by the Bureau." Furthermore, section 24 (i) of PPA, 2007 states "Except as provided by this act, all procurements of goods and works open by all procuring entities shall be conducted by open competitive bidding." Similarly, paragraph 234(i) of the Financial Regulations sates "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same."

Audit observed that:

i. The sum of ₦47,788,000.00 (Forty seven million, seven hundred and eighty eight thousand naira) was paid to contractors for the supply of diesel to the University.
ii. The value of each of the contracts was above the Vice Chancellor's approval threshold of ₦2,500,000.00 for goods, and

iii. Evidence of procurement due process and deduction of Statutory taxes of ₦5,973,500.00 (Five million, nine hundred and seventy three thousand, five hundred naira) were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of government revenue
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦47,788,000.00 (Forty seven million, seven hundred and eighty eight thousand naira) being irregular award of contract.
ii. Recover and remit to the Treasury, the sum of ₦47,788,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

ISSUE 14: IRREGULAR PAYMENTS OF HONORARIUM TO STAFF OF THE UNIVERSITY (=₦27,165,320.00)

Paragraph 415 of the Financial Regulations states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦27,165,320.00 (Twenty seven million, one hundred and sixty five thousand, three hundred and twenty naira) was paid to staff of the University as honorarium, and
ii. The purpose for the honorarium to staff was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No Response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦27,165,320.00 (Twenty seven million, one hundred and sixty five thousand, three hundred and twenty naira) being irregular payment of honorarium to staff.
ii. Recover and remit to the Treasury, the sum of ₦27,165,320.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

ISSUE 15: UNRETIRED MONTHLY PAYMENT OF LODGE UPKEEP FOR THE VICE-CHANCELLOR (=₦2,500,000.00)

Paragraph 1004(i) (a) of the Financial Regulations (FR) 2009 states "Standing Imprest which may be replenished from time to time during a financial year by the submission of paid vouchers to Sub- Accounting Officers for reimbursement." Furthermore, paragraph 1011(i) of the FR states "All standing imprest must be retired on or before the 31st December of the Financial year in which they are issued…."

Audit observed that:

i. The sum of ₦2,500,000.00 (Two million, five hundred naira) was paid for monthly Lodge Imprest Upkeep to the Vice-Chancellor of the University, and
ii. Relevant retirement vouchers and supporting documents were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of government funds.
ii. Misapplication of funds.

Management's Response

No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦2,500,000.00 (Two million, five hundred naira) being unretired Monthly Lodge Imprest Upkeep.
ii. Recover and remit to the Treasury, the sum of ₦2,500,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and non-retirement of imprest specified in paragraphs 3106 and 3124 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 16: CIRCUMVENTION OF PRE-PAYMENT AUDIT CHECKS (=₦110,903,882.55)

Paragraph 601 of the Financial Regulations (FR) 2009 states "All payments entries in the cashbook/account shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favor of the person(s) to whom the money is actually due. Under no circumstances shall a cheque be raised, or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR 2009 states "The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..."

Audit observed that:

i. The sum of ₦110,903,882.55 (One hundred and ten million, nine hundred and three thousand, eight hundred and eighty two naira, fifty five kobo) was paid before internal audit check, and
ii. The above payments were not pre-audited by the Internal Auditor contrary to the provisions of extant regulations.

The above anomalies could be attributed to internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of Government funds.
ii. Misapplication of public funds

Management's Response

No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Account for the sum of ₦110,903,882.55 (One hundred and ten million, nine hundred and three thousand, eight hundred and eighty two naira, fifty five kobo) paid without 100% pre-payment audit.
ii. Recover and remit to the Treasury, the sum of ₦110,903,882.55.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR) 2009 should apply.

ISSUE 17: PAYMENT FOR OVERSEAS TRAVELS WITHOUT APPROVAL (=₦1,645,000.00)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the

Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The sum of ₦1,645,000.00 (One million, six hundred and forty five thousand naira) was paid to the Vice Chancellor of the University as Estacode and foreign trip allowance through paid voucher No. 1277 dated 19th February 2020, and
ii. Evidence of approval from the Secretary to the Government of the Federation was not produced for audit.

The aboveanomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Diversion of public funds.
ii. Loss of government funds.

Management's Response

No response.

Recommendations

The Vice-Chancellor should be requested to:

i. Account to the Public Accounts Committee of the National Assembly, the sum of ₦1,645,000.00 (One million, six hundred and forty five thousand naira) being payment for overseas travels without approvals.
ii. Recover and remit to the Treasury, the sum of ₦1,645,000.00.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

ISSUE 18: CIRCUMVENTION OF PROCUREMENT PROCEDURE IN THE ENGAGEMENT OF CASUAL WORKERS (=₦49,011,834.26)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The University expended a total of ₦49,011,834.26 (Forty nine million, eleven thousand, eight hundred and thirty four naira, twenty six kobo) on direct engagement of casual workers, and

ii. The payment in (i) above, if outsourced, could have resulted to collection of taxes amounting to ₦6,616,596.62 (Six million, six hundred and sixteen thousand, five hundred and ninety six naira, sixty two kobo) by the government.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa, Ibom State.

Risks

i. Loss of government revenue.
ii. Diversion of Public Funds

Management's Response

No Response.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committee of the National Assembly, the sum of ₦49,011,834.26 (Forty nine million, eleven thousand, eight hundred and thirty four naira, twenty six kobo) being payment for the direct engagement of casual workers, and
ii. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 Financial Regulations (FR) 2009, should apply.

UNIVERSITY OF UYO, AKWA IBOM STATE

At the University of Uyo, Akwa Ibom State, for the Period January 2018 to December 2019, the following observations were made:

ISSUE 1: IRREGULARITIES IN THE UTILIZATION OF CAPITAL FUNDS (=₦1,024,048,994.40)

Paragraph 2 of the Establishment Circular with Reference No: SGF/OP/I/S.3/VIII/124 dated 25th August 2009 states "…all contracts which require variations are to be submitted to the Bureau of Public Procurement for review and issuance of necessary Due Process Certificate of "No Objection" to facilitate their approvals by the appropriate Tenders Board depending on their Revised Estimated Costs." Furthermore, paragraph 3 of the Establishment Circular with Reference No: SGF/OP/I/S.3/X/372 dated 25th July 2013 states "…Mr. President's approval must be formally sought and obtained for RETO/Variations above 15% of the initial Contract Award sum and/or above ₦1 billion, before forwarding same to the Bureau of Public Procurement for certification." Also, paragraph 415 of the Financial Regulations (FR), 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The University awarded thirtyseven (37) contracts totalling ₦7,819,578,574.42 (Seven billion, eight hundred and nineteen million, five hundred and seventyeight thousand, five hundred and seventy four naira, forty two kobo).
ii. The value of work done on the contracts in (i) above was ₦3,682,247,301.46 (Three billion, six hundred and eighty two million, two hundred and forty seven thousand, three hundred and one naira, forty six kobo), while the sum of ₦4,417,479,270.86 (Four billion, four hundred and seventeen million, four hundred and seventy nine thousand, two hundred and seventy naira, eighty six kobo) was paid to the contractors, resulting in an overpayment of ₦735,231,969.40 (Seven hundred and thirty five million, two hundred and thirty one thousand, nine hundred and sixty nine naira, forty kobo).
iii. Two (2) separate contracts were awarded for the construction of central administrative block, phase 1, main campus at initial costs of ₦217,915,130.00 (Two hundred and seventeen million, nine hundred and fifteen thousand, one hundred and thirty naira) and ₦183,054,895.00 (One hundred eighty three million, fifty four thousand, eight hundred and ninety five naira), respectively.
iv. The contracts in (iii) above were varied by ₦240,858,401.59 (Two hundred forty million, eight hundred and fifty eight thousand, four hundred and one naira, fiftynine kobo) and ₦47,958,623.41 (Forty seven million, nine hundred and fifty eight thousand, six hundred and twenty three naira, forty one kobo), respectively.
v. The overpayment of ₦735,231,969.40 in (ii) above and the variation of ₦240,858,401.59 and ₦47,958,623.41 in (iv) above amounted to ₦1,024,048,994.40 (One billion, twenty four million, forty eight thousand, nine hundred and ninety four naira, forty kobo), and
vi. Evidence of approval of the variations from the Bureau of Public Procurement (BPP) were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Loss of public funds
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to thePublic Accounts Committees of the National Assembly, the sum of ₦1,024,048,994.40 (One billion, twenty four million, forty eight thousand, nine hundred and ninety four naira, forty kobo) being irregularities in the utilisation of capital funds.
ii. Recover and remitto the Treasury, the sum of ₦1,024,048,994.40.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and unauthorized variation prescribed in paragraphs 3106, 3115 and 3103, of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦5,650,950.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦5,650,950.00 (Five million, six hundred and fifty thousand, nine hundred and fifty naira) was paid to an Officer as "refund to staff for remodeling of classroom block in the Faculty of Law" vide voucher number 1194 of 23rd November, 2017.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of works, thereby circumventing procurement procedures, and
iii. The action of the University resulted in the loss of ₦565,095.00 (Five hundred and sixtyfive thousand, ninety five naira) that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Payment for job not executed.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,650,950.00 (Five million, six hundred and fifty thousand, nine hundred and fifty naira) being refund to staff resulting in the circumvention of procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦5,650,950.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 3: PAYMENTS WITHOUT SUPPORTING DOCUMENTS (=₦1,005,043,757.22)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦1,005,043,757.22 (One billion, five million, forty three thousand, seven hundred and fifty seven naira, twenty two kobo) was paid through Forty nine (49) contract related payments in 2019, and
ii. Relevant documents such as Tax Clearance Certificates, Bureau of Public Procurement Certificates of No Objection, NSITF Certificates, PenCom Certificates, etc., were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Award to ineligible contractors.
ii. Waste of government funds.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,005,043,757.22 (One billion, five million, forty three thousand, seven hundred and fifty seven naira, twenty two kobo) being payments to contractors without supporting documents.
ii. Recover and remit the sum of ₦1,005,043,757.22 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009, respectively should apply.

ISSUE 4: UNAPPROVED UTILISATION OF PRELIMINARIES AND CONTINGENCIES (=₦139,356,043.78)

Paragraph 412 of the Financial Regulations (FR), 2009 states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with terms of the contract agreement, that as regards supplies, the articles have been received and, in the case of work, that it has been properly done. In the case of payment on account, no money will be claimed other than the cost of the work certified tohave been performed. Similarly, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Furthermore, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The University included the sum of ₦139,356,043.78 (One hundred and thirtynine million, three hundred and fifty six thousand, forty three naira and seventy eight kobo) in the Bill of Quantity (BoQ) as contingencies and preliminaries for twenty (20) contracts.
ii. Five contracts in (i) above, had preliminaries that amounted to ₦35,324,477.51 (Thirty five million, three hundred and twenty four thousand, four hundred and seventy seven naira, fifty one kobo) that were not included in the original contract sum, and
iii. Evidence of the utilisation and approval of the Preliminary and Contingencies amount were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University, Uyo Akwa Ibom State.

Risks

i. Loss of government funds.
ii. Diversion of public funds.
iii. Inflation of contracts.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦139,356,043.78 (One hundred and thirty nine million, three hundred and fifty six thousand, forty three naira and seventy eight kobo) being unapproved utilisation of preliminaries and contingencies on the contracts.
ii. Recover and remit to the Treasury, the sum of ₦139,356,043.78.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009, respectively, should apply.

ISSUE 5: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦179,258,100.54)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. The sum of ₦179,258,100.54 (One hundred and seventy nine million, two hundred and fifty eight thousand, and hundred naira, fifty four kobo) was paid for store items, and
ii. Evidence that the items were taken on store ledger charge such as Delivery Notes and Store Receipt Vouchers were not available for audit

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Payment for items not supplied.
ii. Loss of government funds.
iii. Diversion of public funds

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Accountto the Public Accounts Committees of the National Assembly, the sum of ₦179,258,100.54 (One hundred and seventy nine million, two hundred and fifty eight thousand, and hundred-naira, fifty four kobo) being procurement of stores not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦179,258,100.54.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 6: USE OF NEEDS ASSESSMENT FUND WITHOUT APPROVAL (=₦1,313,331,293.82)

Paragraph 415 of the Financial Regulations (FR), 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also, paragraph 417 of the FR, 2009, states "Expenditure shall strictly be classified in accordance with the Estimates, and votes musts be applied only to the purpose or which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The sum of ₦1,313,331,293.82 (One billion, three hundred and thirteen million, three hundred and thirty one thousand, two hundred and ninety three naira, eighty two kobo) was paid by the University from Needs Assessment Intervention Funds, and
ii. Evidence of appropriation and approval from the Minister of Education for the expenditure in (i) above, was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Misappropriation of public funds.
ii. Payments for jobs not executed.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,313,331,293.82 (One billion, three hundred and thirteen million, three hundred and thirty one thousand, two hundred and ninety three naira, eighty two kobo) being expenditure from Needs Assessment Intervention Fund without appropriation and approval.
ii. Recover and remit the sum of ₦1,313,331,293.82 to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulation (FR) 2009, should apply.

ISSUE 7: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦41,832,984.90)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid

into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. The sum of ₦41,832,984.90 (Forty one million, and eighty hundred thirty two thousand, nine hundred and eighty four naira, ninety kobo) was paid to twenty six (26) persons other than the original beneficiariesstated in the paid vouchers, and
ii. There was no evidence to confirm that the beneficiaries received the payments from the Officers.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Diversion of public funds.
ii. Loss of government funds

Management's Response

No response

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦41,832,984.90 (Forty one million, and eighty hundred thirty two thousand, nine hundred and eighty four naira, ninety kobo) being payments made in violation of the e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury, the sum of ₦41,832,984.90.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations (FR) 2009, should apply.

ISSUE 8: IRREGULAR PAYMENTS TO CASUAL WORKERS FROM INTERNALLY GENERATED REVENUE (=₦129,510,354.76)

Section 27(1) of the Fiscal Responsibility Act, 2007 states, "The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act." Also, paragraph 417 of the Financial Regulations states "Expenditure shall strictly be classified in

accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed"

Audit observed that:

i. The sum of ₦129,510,354.76 (One hundred and twenty nine million, five hundred and ten thousand, three hundred and fifty four naira, seventy six kobo) was paid by the University to several casual workers over a period of five (5) years, and
ii. The payments were made from the Internally Generated Revenue (IGR) without evidence of appropriation.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Misappropriation of funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦129,510,354.76 (One hundred and twenty nine million, five hundred and ten thousand, three hundred and fifty four naira, seventy six kobo) being payments to casual staff from the internally generated revenue without appropriation.
ii. Recover and remit the sum of ₦129,510,354.76 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 9: IRREGULAR PAYMENT OF HONORARIUM TO STAFF (=₦4,745,500.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because It has been voted."

Audit observed that:

i. The sum of ₦4,745,500.00 (Four million, seven hundred and forty five thousand five hundred naira) was paid through five (5) vouchers to staff members as honorarium, and
ii. The purpose for the honorarium to staff was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks
i. Loss of government funds.
ii. Misapplication of funds.

Management's Response
No response.

Recommendation
The Vice Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦4,745,500.00 (Four million, seven hundred and forty five thousand five hundred naira) being irregular payment of honourarium to staff.
ii. Recover and remit to the Treasury, the sum of ₦4,745,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 10: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CONSOLIDATED REVENUE FUND (=₦906,355,077.69)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:
i. The sum of ₦3,625,420,310.74 (Three billion, six hundred and twenty five million, four hundred and twenty thousand, three hundred and ten naira, seventy four kobo) was the Internally Generated Revenue (IGR) of the University, and
ii. The sum of ₦906,355,077.69 (Nine hundred and six million, three hundred and fifty five thousand, seventy seven naira, sixty nine kobo), representing 25% of the IGR in (i) above was not remitted to the Consolidated Revenue Fund (CRF) in accordance with extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks
i. Loss of government revenue.
ii. Difficulty in funding budget.
iii. Misappropriation of funds.

Management's Response
No response.

Recommendations
The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦906,355,077.69 (Nine hundred and six million, three hundred and fifty five thousand and seventy seven naira, sixty nine kobo) being unremitted Internally Generated Revenue.
ii. Refund the sum of ₦906,355,077.69 plus all accrued interest to the Treasury.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112(ii) of the Financial Regulations 2009 should apply.

ISSUE 11: PAYMENT IN EXCESS OF APPROVED AMOUNT (=₦390,000.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦680,000.00 (Six hundred and eighty thousand naira) was paid to nineteen (19) members of the Board of Governors, College of Health Sciences, as sitting allowance vide paid voucher number 3004 dated 7th May, 2018, and
ii. The approved amount to the Board of Governors was ₦290,000.00, against the payment in (i) above, leading to overpayment of ₦390,000.00 (Three hundred and ninety thousand naira).

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks
i. Loss of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations

The Vice Chancellor should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦390,000.00 (Three hundred and ninety thousand naira) being overpayment to nineteen (19) Board members.
ii. Recover and remit to the Treasury, the sum of ₦390,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly.
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 12: RESEARCH GRANT WITHOUT EVIDENCE OF UTILISATION (=₦7,426,461.60)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The sum of ₦7,426,461.60 (Seven million, four hundred and twenty six thousand, four hundred and sixty one naira, sixty kobo) was paid as research grants, and
ii. Evidence of utilization of the Grant such as a Research Report, which was a condition to the research grant, was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Loss of government funds.
ii. Diversion of public funds

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦7,426,461.60 (Seven million, four hundred and twenty six thousand, four hundred and sixty one naira, sixty kobo) being payment of research grants without evidence of utilisation.
ii. Recover and remit the sum of ₦7,426,461.60 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions relating to irregular payment and failure to manage or spend public funds effectively specified in paragraphs 3106and 3115 of the Financial Regulations 2009respectively, should apply.

ISSUE 13: PAYMENT FOR DEFECTIVE STORE ITEMS (=₦2,281,085.00)

Section 16(28) of the Public Procurement Act 2007, states "All procurement contract shall contain warranties for durability of goods, exercise of requisiteskills in service provision anduse of genuine materials and inputs in execution." Also, paragraph 415 of the Financial Regulations (FR) 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because It has been voted."

Audit observed that:

i. A contract was awarded for the sum of ₦2,281,085.00 (Two million two hundred and eighty one thousand, eighty five naira) for the supply of Aninsi Blood Pressure Recorder Invasive and Non-Invasive and Plethysmograph for Clinical Science.
ii. The amount in (i) above, was paid vide voucher number 988 dated 13th February 2019.
iii. The end user called the attention of the paying authority to the defective condition of the product upon delivery, and
iv. Despite the complaint of the end user, the contractor was paid.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Uyo, Akwa Ibom State.

Risks

i. Payment for defective equipment.
ii. Loss of public funds
iii. Diversion of public funds

Management's Response

No response

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Commitees of the National Assembly, the sum of ₦2,281,085.00 (Two million, two hundred and eighty one thousand, eighty five naira) being payment for defective store items.
ii. Recover and remit to the Treasury, the sum of ₦2,281,085.00.
iii. Forward evidence of remittance to Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to poor quality work carried out and irregular payment specified in paragraphs 3105 and 3106 of the Financial Regulations (FR) 2009 respectively, should apply.

SECTION 10

INSPECTORATE AUDIT DEPARTMENT

CENTRAL BANK OF NIGERIA, HEADQUARTERS, ABUJA

At the Central Bank of Nigeria (CBN), the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2017 -2019)

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant General not later than 31st May of the following year of Account." Furthermore section 50 (1) of the CBN Act states "The Bank shall, within two months after the close of each financial year, transmit to the National Assembly and the President a copy of its annual accounts certified by the Auditor."

In spite of the extant regulations:

i. The Central Bank of Nigeria, failed to submit its audited financial statements for the years 2017 to 2019 to the Office of the Auditor-General for the Federation.
ii. Evidence of submission of the audited financial statements for the years 2017 to 2019 to the President and National Assembly was not produced for scrutiny, and
iii. The above practice by the Bank contravened the extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Central Bank of Nigeria.

Risks

i. Impediments to Public Accounts Committees oversight
ii. Sub-optimal decisions by those charged with governance.

Management's Response

Noted. Efforts are focused on getting the Accounts published on the Internet

Recommendations

The CBN Governor should be requested to:

i. Submit the audited financial statements, in respect of 2017 to 2019 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: DELAY IN THE COMPLETION OF DUTSE BRANCH BUILDING PROJECT (=₦7,286,500,476.76)

Section 16(6) of the Public Procurement Act (PPA) 2007 states "All bidders in addition to requirements contained in any solicitation documents shall: (a) possess the necessary: (i) professional and technical qualifications to carry out particular procurements; (ii) financial

capability; (iii) equipment and other relevant infrastructure; (iv) shall have adequate personnel to perform the obligations of the procurement contracts...” Also paragraph 708 of the FR 2009 states “On no account should payment be made for services not yet performed or for goods not yet supplied.” In addition, section 35(2) of the Public Procurement Act (PPA) 2007 states “Once a mobilization fee has been paid to any supplier or contractor, no further payment shall be made to the supplier or contractor without an interim performance certificate issued in accordance with the contract agreement.” Furthermore, the Central Bank of Nigeria’s policy requires the amortization of the advance payment to be 30% of the amount due on each monthly valuation after the attainment of 10% or valuation No. 4 whichever comes first.

Audit observed that:

i. Contract for the construction of Dutse Branch Building was awarded to a contractor at the cost of ₦7,286,500,476.76 (Seven billion, two hundred and eighty six million, five hundred thousand, four hundred and seventy six naira, seventy six kobo), in August 2010 to be completed in November 2012.
ii. The sum of ₦1,040,928,647.38 was advanced to the Contractor as mobilization fee in April 2011.
iii. The amortization of the sum in (ii) above did not commence until certificate No. 14 but was fully amortized during payment of certificate No. 65, and
iv. At the time of site verification on 6th November, 2020, the contract was at 88% percent completion, eight (8) years after the prescribed completion date.

The above anomalies could be attributed to weaknesses in the internal control system at the Central Bank of Nigeria.

Risks

i. Contract award to incompetent contractor.
ii. Increased costs of maintenance.
iii. Undue variation of contract sum arising from inflation.

Management’s Response

The issue of delays in completion of Dutse Branch project are being resolved in accordance with contractual provisions. The Bank has imposed penalties and are being implemented accordingly.

Recommendations

The CBN Governor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the delay in the completion of Dutse Branch Building Project, eight (8) years after the prescribed completion date.
ii. Ensure that the contractor completes the job without further delay.
iii. Furnish evidence of completion to the Public Accounts committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts specified in paragraph 3117 of the Financial Regulations 2009 should apply.

ISSUE 3: DELAY IN CONTRACT EXECUTION AT THE CBN ABEOKUTA BRANCH (=₦4,812,608,028.10)

Section 16(6) of the Public Procurement Act (PPA) 2007 states "All bidders in addition to requirements contained in any solicitation documents shall: (a) possess the necessary: (i) professional and technical qualifications to carry out particular procurements; (ii) financial capability; (iii) equipment and other relevant infrastructure; (iv) shall have adequate personnel to perform the obligations of the procurement contracts..." Also paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." In addition, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. Contract for the renovation of the Abeokuta Branch was awarded to a contractor in 2009 for a contract sum of ₦4,812,608,028.10 (Four billion, eight hundred and twelve million, six hundred and eight thousand, twenty eight naira, ten kobo), to be completed in 2012, (120 weeks).
ii. Inspection visit to the Branch in November 2020, showed that there was no significant renovation work at the site, after eleven (11) years from proposed completion date, despite several contract reviews, and
iii. Relevant procurement documents such as Bills of Quantity (BoQ), Agreement between the CBN and the Contractor, copy of the award, acceptance letters, records of payments, etc, in respect of the renovation contract were not made available for audit review.

The above anomalies could be attributed to weaknesses in the internal control system at the Central Bank of Nigeria.

Risks

i. Contract award to incompetent contractor.
ii. Undue variation of contract sum arising from inflation.
iii. Loss of public funds.

Management's Response

The contract was terminated due to delay in completion of the project by the Main contractor. Subsequently, the contractor took the Bank to court contesting termination. However, as at December 2020, the contractor withdrew the case and sought for out of court settlement. Currently, the discussions are ongoing on the re-procurement of the contract.

Recommendations

The Governor of the Central Bank of Nigeria should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the delay in the completion of renovation of the Abeokuta Branch, eleven (11) years after the proposed completion date.

ii. Furnish to the Public Accounts Committees of the National Assembly, the Bills of Quantity (BoQ), Agreement between the CBN and the Contractor, copy of the award, acceptance letters, records of payments made to the contractor to date, and

iii. Otherwise, sanctions relating to irregular award of contracts specified in paragraph 3117 of the Financial Regulations 2009 should apply.

ISSUE 4: LARGE VOLUMES OF COUNTED AUDITED DIRTY (CAD) AND AWAITING EXAMINATION (AE) CASH IN MOST BRANCHES OF THE CBN (=₦100,672,900,000.00)

Section 32(1) of the Central Bank of Nigeria (CBN) Act 2007 states "The bank may, subject as it expressly provided in this Act generally conduct business as a bank and do all such things as are incidentals to or consequential upon the exercise of its power or the discharge of its duties under this Act".

Audit observed that:

i. The Bank warehoused cash amounting to ₦100,672,900,000.00 (One hundred billion, six hundred and seventy two million, nine hundred thousand naira) labeled as Counted Audited Dirty (CAD) and mutilated notes in various branches waiting to be destroyed since 2017, and

ii. The Bank also had large sum of cash Awaiting Examination (AE), kept in several boxes at the branches as shown in the Table below.

S/N	BRANCH	DATE	N1000 NOTE	N500 NOTE	N200 NOTE	N100 NOTE	N50 NOTE	N20 NOTE	N10 NOTE	N5 NOTE	TOTAL
1	KATSINA	02/11/2020	420,000,000	290,000,000	43,000,000	203,000,000	497,000,000	340,000,000	151,500,000	14,900,000	**1,959,400,000**
2	KADUNA	04/11/2020	170,000,000	2,385,000,000	446,000,000	-	696,000,000	237,400,000	138,300,000	83,550,000	**4,156,250,000**
3	KANO	13/11/2020	3,740,000,000	1,595,000,000	1,626,000,000	284,000,000	2,467,500,000	1,185,000,000	633,200,000	297,450,000	**11,828,150,000**
4	BAUCHI	18/11/2020	1,800,000,000	2,585,000,000	682,000,000	-	1,312,000,000	414,200,000	137,700,000	112,700,000	**7,043,600,000**
5	DUTSE	06/11/2020	-	-	-	-	-	-	-	-	-
6	ENUGU	02/11/2020	2,610,000,000	2,390,000,000	328,000,000	78,000,000	272,500,000	115,800,000	-	4,950,000	**5,799,250,000**
7	P/HARCOURT	09/11/2020	980,000,000	3,410,000,000	722,000,000	141,000,000	394,500,000	7,400,000	7,300,000	250,000	**5,662,450,000**
8	JOS	11/11/2020	2,050,000,000	895,000,000	376,000,000	62,000,000	57,500,000	-	-	-	**3,440,500,000**
9	AWKA	17/11/2020	-	-	-	-	-	-	-	-	-
10	ASABA	19/11/2020	1,530,000,000	2,710,000,000	450,000,000	115,000,000	624,500,000	520,800,000	184,300,000	82,750,000	**6,217,350,000**
11	ABEOKUTA	02/11/2020	1,540,000,000	2,450,000,000	2,164,000,000	444,000,000	384,000,000	88,000,000	23,100,000	4,350,000	**7,097,450,000**

S/N	BRANCH	DATE	N1000 NOTE	N500 NOTE	N200 NOTE	N100 NOTE	N50 NOTE	N20 NOTE	N10 NOTE	N5 NOTE	TOTAL
12	IBADAN	03/11/2020	1,640,000,000	1,405,000,000	1,396,000,000	924,000,000	422,500,000	87,200,000	17,100,000	3,750,000	**5,895,550,000**
13	LAGOS	04/11/2020	5,510,000,000	7,480,000,000	910,000,000	53,000,000	13,500,000	36,600,000	-	700,000	**14,003,800,000**
14	ILORIN	09/11/2020	2,320,000,000	2,900,000,000	1,540,000,000	677,000,000	1,280,500,000	418,000,000	163,900,000	89,400,000	**9,388,800,000**
15	MAKURDI	12/11/2020	1,630,000,000	1,680,000,000	138,000,000	53,000,000	398,000,000	64,000,000	3,100,000	3,100,000	**3,969,200,000**
16	ABUJA	24/11/2020	4,450,000,000	8,630,000,000	410,000,000	6,000,000	546,500,000	118,000,000	43,900,000	6,750,000	**14,211,150,000**
		TOTAL	**30,390,000,000**	**40,805,000,000**	**11,231,000,000**	**3,040,000,000**	**9,366,500,000**	**3,632,400,000**	**1,503,400,000**	**704,600,000**	**100,672,900,000**

Source: Date obtained from each of the branches indicated

Note: Awka and Dutse are not Cash Processing centre

The above anomalies could be attributed to weaknesses in the internal control system at the Central Bank of Nigeria.

Risks

i. Diversion and re-injection of bad notes.
ii. Loss of funds through insurance costs.
iii. Health challenges to Treasury staff.

Management's Response

i. Environmental sustainability issue with regard to open-air burning
ii. Non-functionality (constant breakdown) of the machines
iii. Non availability of spare parts due to COVID-19 pandemic
iv. The off taker of the Briquettes is no longer interested.
v. Alternative proposals on how to destroy the CAD and polymer notes are receiving management attention.

Recommendations

The Governor of the Central Bank of Nigeria should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why large volumes of Counted Audited Dirty (CAD) and Awaiting Examination (AE) cash were not disposed, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ENUGU BRANCH

ISSUE 5: NON-RECOVERY OF LOAN GRANTED TO ENUGU STATE GOVERNMENT (=₦1,294,453,887.83)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts.". Also, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include:…(b) ensuring that the essential management control tools are put in place to minimize waste and fraud;…"

Audit observed that:

i. The sum of ₦2,000,000,000.00 (Two billion naira) was disbursed to Enugu State Government in 2015, through her Enugu Small and Medium Enterprise (SME) Centre under the Banks Small and Medium Enterprises Development Programme (SMEDP).
ii. The sum of ₦705,546,112.17 was repaid from the (i) above, leaving outstanding balance of ₦1,294,453,887.83 (One billion, two hundred and ninety four million, four hundred and fifty three thousand, eight hundred and eighty seven naira, eighty three kobo) without interest.
iii. Relevant documents such as offer letter, acceptance letter, repayment schedule, etc, were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Central Bank of Nigeria.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

a) Enugu State Government indicated interest to access the sum of ₦2billion under Micro, Small and Medium Enterprises Development Fund and signed MoU with the Central Bank of Nigeria dated July 24, 2014 (copy attached appendix 1).
b) Management approval for disbursement of ₦2billion was done in three (3) tranches as follows:
   - ₦500million on October 17, 2014
   - ₦500million on March 10, 2015
   - ₦1billion on April 28, 2015 (copies attached appendix 2)
c) The facility granted Enugu State Government is fully collaterized with Irrevocable Standing Payment Order (ISPO) APPENDIX 3
d) The Bank's Management approved the restructuring of the outstanding loan amounting to ₦1,604,748,651.09 with effect from July 1, 2020 due to the dwindling revenues of the State Government couple with impact of COVID-19 pandemic. (Letter of restructuring attached Appendix 4).

Recommendations

The Governor of the Central Bank of Nigeria should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-recovery of loan granted to Enugu State Government amounting to ₦1,294,453,887.83 (One billion, two hundred and ninety four million, four hundred and fifty three thousand, eight hundred and eighty seven naira, eighty three kobo).
ii. Recover and remit to the Treasury, the outstanding loan of ₦1,294,453,887.83 with interest accrued.
iii. Forward evidence of recovery and remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraph 3106 and 3115 of the Financial Regulations (FR) 2009, should apply.

AWKA BRANCH

ISSUE 6: NON-RECOVERY OF LOAN GRANTED TO ANAMBRA STATE GOVERNMENT (=₦1,994,383,561.64)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts.". Also, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include:…(b) ensuring that the essential management control tools are put in place to minimize waste and fraud;…"

Audit observed that:

i. The sum of ₦2,000,000,000.00 (Two billion naira) was disbursed to Anambra State Governmentin 2015 and 2016, through her Small and Medium Enterprises (SME)Centre, under the Banks Small and Medium Enterprises Development Programme (SMEDP).
ii. The sum of ₦5,616,438.36 (Five million, six hundred and sixteen thousand, four hundred and thirty eight naira, thirty six kobo) was repaid from the (i) above, leaving outstanding balance of ₦1,994,383,561.64 (One billion, nine hundred and ninety four million, three hundred and eighty three thousand, five hundred and sixty one naira, sixty four kobo) without interest, and
iii. Relevant documents such as offer letter, acceptance letter, repayment schedule, etc, were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Central Bank of Nigeria.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

The loan was disbursed to Anambra State Government at CBN Head Office. The Offer Letter, Acceptance, Schedule and other documents relating to the loan are all in Development Finance Department. The Branch has however, written to the Development Finance Department requesting for all the documents relating to the loan. The DFO with the Branch Controller will continue to engage the State Government to ensure full repayment of the loan.

Recommendations

The Governor of the Central Bank of Nigeria should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-recovery of loan granted to Anambra State Government amounting to ₦1,994,383,561.64 (One billion, nine hundred and ninety four million, three hundred and eighty three thousand, five hundred and sixty one naira, sixty four kobo).
ii. Recover and remit to the Treasury, the outstanding loan of ₦1,994,383,561.64 with interest accrued.
iii. Forward evidence of recovery and remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraph 3106 and 3115 of the Financial Regulations (FR) 2009 should apply.

SECURITIES AND EXCHANGE COMMISSION, ABUJA

At the Securities and Exchange Commission, Abuja, for years 2017, 2018 and 2019, the following observations were made:

ISSUE 1: IRREGULARPAYMENT OF ALLOWANCES TO STAFF (=₦11,087,344,294.94)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦11,087,344,294.94 (Eleven billion, eighty seven million, three hundred and forty four thousand, two hundred and ninety four naira, ninety four kobo) was paid to staff between 2017 and 2019 for Dressing Allowance, Leave Allowance, Medical Allowance,

Monetized Allowance, Education Allowance, Rent Allowance, Mineral Allowance, etc, as off-payroll allowances.

ii. These allowances were not part of the Consolidated Salary Structure of the Commission, and

iii. Evidence of approval before payment of the sum in (i) above by the National Salaries, Income and Wages Commission (NSIWC) was not provided.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Waste of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦11,087,344,294.94 (Eleven billion, eighty seven million, three hundred and forty four thousand, two hundred and ninety four naira, ninety four kobo), being irregular payment of allowances.
ii. Recover and remit to Treasury, the sum of ₦11,087,344,294.94.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: INELIGIBLE ALLOWANCES PAID TO SOME DIRECTORS OF THE COMMISSION (=₦625,915,105.70)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid." Similarly, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account."

Audit observed that:

i. The sum of ₦625,915,105.70 (Six hundred and twentyfive million, nine hundred and fifteen thousand, one hundred and five naira, seventy kobo) was paid to two (2) Acting Directors-General (DGs) and four (4) Acting Commissioners as Acting Allowances, Overseas Leave and Monetized Allowance during the year 2018 and 2019.
ii. The sum of ₦444,825,160.77 (Four hundred and fortyfour million, eight hundred and twentyfive thousand, one hundred and sixty naira, seventyseven kobo) was also paid as car grant to the Officers as motor vehicle loan at 4% interest.
iii. Evidence of recovery of the grant in (ii) above was not provided for scrutiny, and
iv. The sum of ₦77,685,193.50 (Seventyseven million, six hundred and eightyfive thousand, one hundred and ninetythree naira, fifty kobo) was paid as monetized and other allowances without evidence of Pay As You Earn (PAYE) deduction, contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Waste of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the payment of ₦625,915,105.70 (Six hundred and twentyfive million, nine hundred and fifteen thousand, one hundred and five naira, seventy kobo), being ineligible allowances paid to some Directors of the Commission.
ii. Recover and remit to Treasury, the sum of ₦625,915,105.70.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, overpayment of allowances and failure to manage public funds effectively specified in paragraphs 3106, 3111 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 3: NON-DEDUCTION AND REMITTANCE OF PAYE (=₦545,027,411.21)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid." Also, section 2(1) of the Personal Income Tax Act (PITA) 2011 (as Amended) states "Tax of an amount to be

determined from the Table set out in the Sixth Schedule …shall be payable for each year of assessment on the total income of - (a) every individual other than persons covered under paragraph (b) of this subsection or corporation sole or body of individuals deemed to be resident for that year in the relevant State under the provisions of this Act;"

Audit observed that:

i. The sum of ₦545,027,411.21 (Five hundred and forty five million, twenty seven thousand, four hundred and eleven naira, twenty one kobo) was the Pay As You Earn (PAYE) tax liability, penalty and interest due from allowances paid to its officers, and
ii. These allowances include dressing allowance, leave allowance, medical allowance, monetized allowance, education allowance, furniture allowance, rent allowance, mineral allowance and productivity allowance, and
iii. Evidence of approval before payment of the sum in (i) above by the National Salaries, Income and Wages Commission (NSIWC) was not provided.

The above anomalies could be attributed to weaknesses in the internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of Government revenue.
ii. Difficulty in funding Government budget.

Management's Response

No response.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦545,027,411.21 (Five hundred and forty five million, twenty seven thousand, four hundred and eleven naira, twenty one kobo) being undeducted PAYE tax.
ii. Recover and remit the sum of ₦545,027,411.21 to the Treasury.
iii. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, overpayment of allowances and failure to manage public funds effectively specified in paragraphs 3106, 3111 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 4: IRREGULAR PAYMENTS OF STAFF PAYE LIABILITIES FROM PUBLIC FUNDS (=₦33,424,144.56)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid." Also, section 2(1) of the Personal Income Tax Act (PITA) 2011 (as Amended) states "Tax of an amount to be

determined from the Table set out in the Sixth Schedule …shall be payable for each year of assessment on the total income of - (a) every individual other than persons covered under paragraph (b) of this subsection or corporation sole or body of individuals deemed to be resident for that year in the relevant State under the provisions of this Act;"

Audit observed that:

i. The sum of ₦33,424,144.56 (Thirty three million, four hundred and twenty four thousand, one hundred and forty four naira, fifty six kobo) representing Pay As You Earn (PAYE) arising from previous years' staff tax liabilities, penalties and interests, were paid by the Commission, and
ii. There was no evidence that the amount in (i) was deducted from the emolument of staff.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

"At the end of the tax audit exercise, the tax authority observed an under-deduction and consequently applied penalty with a deadline within which to effect payment. The Commission effected the payment with the view to recover same from the said staff to avoid further penalty."

Recommendations

The Director-General should be requested to:

i. Recover and remit to the Treasury, the sum of ₦33,424,144.56 (Thirty three million, four hundred and twenty four thousand, one hundred and forty four naira, fifty six kobo), being tax liabilities, penalties and interests paid by the Commission on behalf of staff.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009, respectively, should apply.

ISSUE 5: IRREGULAR PAYMENT OF MEDICAL ALLOWANCES TO STAFF REGISTERED UNDER NATIONAL HEALTH INSURANCE SCHEME (=₦241,865,640.08)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦241,865,640.08 (Two hundred and fortyone million, eight hundred and sixty five thousand, six hundred and forty naira, eight kobo) was disbursed to staff of the Commission in 2017, 2018 and 2019 as Quarterly Medical Allowance, and
ii. The payment was made despite staff enrollment under the National Health Insurance Scheme and the monthly remittance of National Health Insurance Premium.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

"Please note that medical allowance is part of the Consolidated Salary Structure as approved by National Salaries and Wages Commission. This allowance is always provided in the budget of the Commission.

Section 4 (1)(d) of the Investment and Securities Act (ISA), 2007 empowers the board of the Commission to consider and approve the annual budget of the Commission as may be presented to it by the Management.

The Honourable Minister of Finance, in absence of the Board approved the 2017 to 2019 budget of the Commission and the budget were duly appropriated by the National Assembly."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦241,865,640.08 (Two hundred and forty one million, eight hundred and sixty five thousand, six hundred and forty naira, eight kobo), being irregular payment of medical allowances to staff registered under National Health Insurance Scheme.
ii. Recover and remit the sum of ₦241,865,640.08 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009, respectively, should apply.

ISSUE 6: IMPROPER PAYMENTS OF MEDICAL BILLS (=₦173,033,395.53)

Paragraph 070201 of the Public Service Rules (PSR) 2009, states "The medical facilities in Nigeria provided to all officers and their families and the scale of charges will be determined by the National Health Insurance Scheme (NHIS)." Also, paragraph 070202 of the Public Service Rules (PSR), 2009 states "A staff who prefers to be treated by a private practitioner instead of availing himself/herself of services of authorised Healthcare Provider must himself/herself bear all expenses incurred through such treatment." Also, paragraph 070206(d)(i) of the PSR 2009 states "Approval for public officers to receive periodic medical check-up at Government expense abroad will be given by the appropriate authority as stated

below…" Similarly, paragraph 070206(e) of the PSR 2009 states "(i) The President's approval in respect of officers in category (d) will be conveyed to the Ministries of Health, Finance and Foreign Affairs and the appropriate Nigerian Mission. (ii) Officers of the Armed Forces of the rank of Brigadier General (or its equivalent) will submit to the President their applications through the appropriate Service Chief. Approvals/rejections will be notified through the same channel. (iii) Officers in category (d) (iii) above will submit their applications through their Permanent Secretaries for the Director of Medical Services and Training of the Federal Ministry of Health to countersign the Certificate or recommendation issued by a local consultant which should be attached to the application."

Audit observed that:

i. The sum of ₦173,033,395.53 (One hundred and seventy three million, thirty three thousand, three hundred and ninety five naira, fifty three kobo) was expended on staff medical bills, despite having being enrolled into the National Health Insurance Scheme (NHIS), with over ₦100,000,000.00 (One hundred million naira) already remitted as premium, and
ii. Evidence of appropriate approval of the amount in (i) above was not produced for scrutiny, in violation of the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

"The National Health Insurance Scheme does not cover all illness. By the powers conferred on the Board of the Commission through section 20 of the ISA 2007, EMPOWERING THE Commission to apply the proceeds of its regulatory activities to meet the cost of administration, reimburse members of the Commission or any committee set up by the Commission for expenses authorized or approved by the Commission, the Board considered the effect of certain."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦173,033,395.53 (One hundred and seventy three million, thirty three thousand, three hundred and ninety five naira, fifty three kobo), being irregular payment of medical allowances to staff registered under National Health Insurance Scheme.
ii. Recover and remit the sum of ₦173,033,395.53 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009, respectively, should apply.

ISSUE 7: IRREGULAR PAYMENT OF MONETIZED CAR GRANT TO MANAGEMENT STAFF (=₦3,382,313,745.12)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) 2009 states "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account." Similarly, section 3 Part 1(B) of the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc) Act, 2002 (as amended) and Paragraph 6(v) of the Brief on the Monetization of Fringe Benefits in the Public Service of the Federation states "The provision of motor vehicles to public officers is to be monetized by provision of motor vehicle loan of 400% of the annual basic salary. The loan, however, would be recovered in 6 years for both public servants and political office holders. In granting the loan, government would retain the existing interest rate of 4% on motor vehicle loan."

Audit observed that:

i. The sum of ₦3,382,313,745.12 (Three billion, three hundred and eighty two million, three hundred and thirteen thousand, seven hundred and forty five naira, twelve kobo) was paid between 1st January, 2017 to 31st December, 2019 as monetized car grant for the procurement of personal motor vehicles.
ii. The payment in (i) above was based on approval contained in the Extract of minutes of the 70th Meeting of the Board of the Commission held on 13th and 14th March, 2013.
iii. The Commission also paid multiple car grants to some officers within a space of two years, and
iv. There was no evidence of approval of the National Salaries, Income and Wages Commission (NSIWC) before the implementation of the monetized car grant.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

"The car allowance was approved by the Board of the Commission in lieu of transport allowance. This was in response to Monetization Policy of the government. Transport allowance, which includes the car allowance, is part of the approved structure for the Commission by the Salaries and Wages Commission and is always provided for in the Commission's budget.

Section 16 of the ISA 2007 empowers the Board of the Commission to determine the Terms and Condition of service of the Commission. One of such terms and condition of service as determined by the Board via an extract dated March 13, 2013, is the entitlement to receive payment of a monetized vehicle allowance either in the capacity of Executive Management or Directorate Cadre.

There is no record of any staff being paid multiple car allowance within a period of two years."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,382,313,745.12 (Three billion, three hundred and eighty two million, three hundred and thirteen thousand, seven hundred and forty five naira, twelve kobo), being irregular payment of monetized car grant to management staff.
ii. Recover and remit the sum of ₦3,382,313,745.12 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 8: UNJUSTIFIED PAYMENTS OF FURNITURE ALLOWANCE TO STAFF OF THE COMMISSION (=₦848,986,361.50)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦1,275,931,605.35 (One billion, two hundred and seventy five million, nine hundred and thirty one thousand, six hundred and five naira, thirty five kobo) was paid to staff of the Commission as furniture allowance for years 2017, 2018 and 2019.
ii. The paymentin (i) above included the sum of ₦848,986,361.50 (Eight hundred and forty eight million, nine hundred and eighty six thousand, three hundred sixty one naira, fifty kobo) paid to the officers for the period covering 2018 and 2019, which was paid in 2017 for four (4) years in accordance with the extant regulations, and
iii. Evidence of approval for the payment in (ii) above from the National Salaries, Income and Wages Commission (NSIWC) was not produced for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

"Section 16 of the ISA 2007, empowers the Commission to determine the terms and condition of service of the Commission. One of such terms and condition of service, as determined by the Board via an extract dated August 23, 2001 is the entitlement to receive furniture allowance. It is pertinent to note that this allowance is part of the consolidated structure approved by Salaries and Wages Commission."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦848,986,361.50 (Eight hundred and forty eight million, nine hundred and eighty six thousand, three hundred sixty one naira, fifty kobo), being unjustified payments of furniture allowance to staff of the Commission.
ii. Recover and remit the sum of ₦848,986,361.50 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 9: DIVERSION OF PUBLIC FUNDS TO PENSION FUND ADMINISTRATORS (PFAs) (=₦871,441,029.08)

Treasury Circular Ref: No. TRY/A10 & B10/2004 OAGF/TS/040/Vol. IV/284 provides that the pension contribution of the employee will be based on the basic salary in addition to transport and housing allowance. Also, paragraph 415 of the Financial Regulations (FR), 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦871,441,029.08 (Eight hundred and seventy one million, four hundred and forty one thousand, twenty nine naira, eight kobo) was paid as employer's rent allowance and monetized car grant counterpart pension contribution to various Pension Fund Administrators (PFAs), and
ii. The payment in (i) above contravened the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦871,441,029.08 (Eight hundred and seventy one million, four hundred and forty one thousand, twenty nine naira, eight kobo), being diversion of public funds to Pension Fund Administrators.
ii. Recover and remit the sum of ₦871,441,029.08 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 10: ILLEGAL PAYMENT OF COMMISSION ON GROSS INCOME EARNED ON PENSION FUND INVESTMENTS (=₦93,380,888.38)

Section 83(1) of the Pension Reform Act 2014 (as amended) states "All income earned from investment of pension fund under this Act shall be credited to the individual Retirement Savings Accounts (RSA) of beneficiaries." Also, Section 83(2) of the Pension Reform Act 2014 (as amended) states "All fees, charges, costs and expenses on transactions made and properly delineated by the Pension Fund Administrators shall be debited from pension fund, in accordance with regulations issued by the Commission, from time to time." Furthermore, section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." In addition, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The sum of ₦93,380,888.38 (Ninety three million, three hundred and eighty thousand, eight hundred and eighty eight naira, thirty eight kobo) was paid to three PFAs as earning-based fees (i.e., commission on gross income).
ii. The amount paid in (i) above to the PFAs for managing the pension fund of officers of the Commission was a violation of section 83(2) of the Pension Reform Act 2014 (as amended).
iii. Evidence of budgetary approval for the payment in (i) above was not produced for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦93,380,888.38 (Ninety three million, three hundred and eighty thousand, eight hundred and eighty eight naira, thirty eight kobo) being illegal payment of commission on gross income earned on pension fund investments.
ii. Recover and remit the sum of ₦848,986,361.50 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 11: INELIGIBLE PAYMENTS BY THE COMMISSION (=₦269,079,000.00)

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(b) ensuring that the essential management control tools are put in place to minimize waste and fraud;…" Also, paragraph 415 of the Financial Regulations 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." In addition, section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be conducted by open competitive bidding."

Audit observed that:

i. The sum of ₦269,079,000.00 (Two hundred and sixty nine million, and seventy nine thousand naira) was paid to staff of the Commission as monetization cost for Sallah/ Christmas gift items, end of year gift/allowances and procurement of gift items to friends of the Commission.
ii. Out of the amount paid in (i) above, the sum of ₦8,919,000.00 (Eight million, nine hundred and nineteen thousand naira) was approved by the Acting Director-General for the supply of End of year/ Christmas gift to Government officials.
iii. Evidence of due process such as invitation for quotation, quotations, evaluation reports, etc, were not produced for audit, and
iv. The procurement made in (ii) above was beyond the Acting Director-General's approval threshold of less than ₦2,500,000.00 for procurement of goods and services.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

"The Sallah/Christmas welfare packages are a way of the Commission extension of its goodwill to staff and their families and critical stakeholders on those festive occasions and this has been a long practice in the Commission since its inception. The expenditure is always captured in the Commission's budget and is approved and appropriated by the Board of the Commission and the National Assembly respectively. This practice applies in other agencies.

The sum of ₦8,919,000.00 net was paid to Lily of the Valley from a contract sum of ₦9,880,000.00 duly awarded by the Board Tender Committee through due process as provided by the Public Procurement Act.

The approval was not made by the Director-General as alleged."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦269,079,000.00 (Two hundred and sixty nine million, and seventy nine thousand naira), being ineligible payments by the Commission.
ii. Recover and remit the sum of ₦269,079,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009, respectively, should apply.

ISSUE 12: IRREGULAR PAYMENT OF PRODUCTIVITY INCENTIVE BONUS (=₦34,899,051.15)

Paragraph 415 of the Financial Regulations (FR), 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦34,899,051.15 (Thirty four million, eight hundred and ninety nine thousand, fifty one naira, fifteen kobo) was paid as productivity allowance through payment voucher No. 1590 dated 21st October, 2019, and
ii. The payment in (i) above was made despite consistent negative operational performances of the Commission over the years.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

"Section 20 of the ISA 2007, empowers the Commission to apply proceeds of its regulatory activities to meet the cost of administration, reimburse members of the Commission or any committee set up by the Commission for expenses authorized or approved by the Commission, pay salaries, fees or allowances, pension and gratuities payable to employees of the Commission.

This allowance is also part of the consolidated salary structure as approved by the NSWIC and always provided for in the Commission's budget.

The 13th month is therefore an incentive to staff and is not peculiar to the Commission as it is applicable to other agencies."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦34,899,051.15 (Thirty four million, eight hundred and ninety nine thousand, fifty one naira, fifteen kobo), being ineligible payments by the Commission.
ii. Recover and remit the sum of ₦34,899,051.15 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 13: IRREGULAR PAYMENT OF GRATUITY/ SEVERANCE TO RETIRED STAFF (=₦1,013,565,617.08)

Section 3(2) of the Pension Reform Act, 2014 (as amended) states "There is established for any employment in the Federal Republic of Nigeria, a Contributory Pension Scheme (in this Act referred to as "the Scheme") for payment of retirement benefits of employees to whom the Scheme applies under this Act."Furthermore, section 7(1) of the Pension Reform Act, 2014 (as amended) states "A holder of a retirement savings account shall upon retirement or attaining the age of 50 years, whichever is later, utilize the amount credited to his retirement savings account…."

Audit observed that:

i. The sum of ₦1,013,565,617.08 (One billion, thirteen million, five hundred and sixty five thousand, six hundred and seventeen naira, eight kobo) was disbursed as gratuity/

severance to some disengaged staff of the Commission without recourse to the Pension Reform Act (2014), which made provision for Contributory Pension Scheme, and

ii. The Commission had been deducting and remitting both employees' and employer's counterpart contributory pensions to the respective Pension Fund Administrators prior to retirement of the affected staff.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Waste of government funds.
ii. Diversion of public funds.

Management's Response

"The objective of the pension reforms was not to put staff in worse-off position. That is why the Pension Reform Act did not abolish gratuity but rather made it discretionary in Section 4 (4a). The gratuity scheme of the Commission is embedded in its staff manual which is the policy document of the Commission duly approved by the Board as empowered by Section 20 of the ISA".

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregular expenditure on gratuity/severance to retired staff despite their enrolment on contributory pension scheme.
ii. Recover and remit to the Treasury, the sum of ₦1,013,565,617.08 (One billion, thirteen million, five hundred and sixtyfive thousand, six hundred and seventeen naira, eight kobo).
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 14: EXTRA-BUDGETARY EXPENDITURE (=₦27,191,792,063.85)

Section 80(3) of the Constitution of the Federal Republic of Nigerian, 1999 (as amended) states that "No moneys shall be withdrawn from any public fund of the Federation, other than the Consolidated Revenue Fund of the Federation, unless the issue of those moneys has been authorized by an Act of the National Assembly". Also, Section 80(4) of the Constitution of the Federal Republic of Nigerian 1999 as (amended) states, "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." In addition, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The sum of ₦27,191,792,063.85 (Twenty seven billion, one hundred and ninetyone million, seven hundred and ninety two thousand, sixty three naira, eighty five kobo) was expended on both Capital and Operating expenditures between 2017 and 2019 by the Commission and its Subsidiariesas shown in the table below:

Expenditure	2017	2018	2019	Total
	₦	₦	₦	₦
Total Operating Expenditure	8,203,376,766.21	8,412,043,548.07	10,181,433,084.62	26,796,853,398.90
Total Capital Expenditure	127,430,000.00	145,412,115.70	122,096,549.25	394,938,664.95
Total Expenditure	**8,330,806,766.21**	**8,557,455,663.77**	**10,303,529,633.87**	**27,191,792,063.85**

ii. Evidence of budgetary approval from the National Assembly, for the payment in (i) above was not produced for scrutiny.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Misappropriation of funds.
ii. Waste of government resources.
iii. Diversion of public funds.

Management's Response

"Contrary to your assertions on payments of public funds without budgetary approval, find attached the approval of the National Assembly."

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the extra-budgetary spending of ₦27,191,792,063.85 (Twenty seven billion, one hundred and ninety one million, seven hundred and ninety two thousand, sixty three naira, eighty five kobo).
ii. Recover and remit the sum of ₦27,191,792,063.85 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 15: IRREGULAR PAYMENT OF SEVERANCE ALLOWANCE TO NON-STAFF (=₦255,426,494.80)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, section

80(2) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund of the Federation except to meet expenditure that is charged upon the fund by the Constitution or where the issue of those moneys has been authorised by an Appropriation Act, Supplementary Appropriation Act or an Act passed in pursuance of Section 81 of the Constitution."Furthermore, section 3 Part 1(B) the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc) Act 2002 (Amendment) Act 2008 provides for 300% of annual basic salary of a Political, Public and Judicial Office Holders.

Audit observed that:

i. The sum of ₦128,869,606.22 (One hundred and twenty eight million, eight hundred and sixty nine thousand, six hundred and six naira, twenty two kobo) was paid to an individual on January 5, 2017 as severance allowance.
ii. The sum of ₦126,556,888.58 (One hundred and twenty six million, five hundred and fifty six thousand, eight hundred and eighty eight naira, fifty eight kobo), was paid to another individual on January 6, 2017 as severance allowance, and
iii. The personal files of the officers to ascertain their identities and paid vouchers of the beneficiaries were not provided for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

"Those individuals served as Executive Commissioners from 2013 to 2017, and that at the end of their four year tenure, they were paid severance packages as approved for their positions."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦255,426,494.80 (Two hundred and fifty five million, four hundred and twenty six thousand, four hundred and ninety four naira, eighty kobo), being ineligible payments by the Commission.
ii. Recover and remit the sum of ₦255,426,494.80 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 16: IRREGULAR TRANSFER OF FUNDS TO THE INVESTMENT AND SECURITIES TRIBUNAL (=₦1,151,197,320.96)

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(b) ensuring that the essential management control tools are put in place to minimize waste and fraud;…" Also, paragraph 415 of the Financial Regulations 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦1,151,197,320.96 (One billion, one hundred and fifty one million, one hundred and ninety seven thousand, three hundred and twenty naira, ninetysix kobo), being 10% of secondary market transaction feesof the Commission was transferred to the Investment and Securities Tribunal between March, 2016 and November, 2019, to "meet its operational needs".
ii. The transfer in (i) above was made to the Tribunal despite being treasury funded, and
iii. Evidence of the appropriation for the transfer was not produced for scrutiny.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Waste of public funds.
ii. Diversion of public funds.
iii. Inability to fund budget.

Management's Response

"Contrary to your assertions on Payment of Public Funds without budgetary approval, find attached, approval of the National Assembly."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the irregular transfer of ₦1,151,197,320.96 (One billion, one hundred and fifty one million, one hundred and ninety seven thousand, three hundred and twenty naira, ninety six kobo) to the Investment and Securities Tribunal.
ii. Recover and remit to Treasury, the sum of ₦1,151,197,320.96.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct stated in paragraphs 3106, 3115 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 17: IRREGULARITIES IN THE ENGAGEMENT OF AND PAYMENT TO AUDIT FIRMS (=₦134,647,500.00)

Section 16(2) of the Public Procurement Act, 2007 states, "Where the Bureau has set prior review threshold in the procurement regulations, no funds shall be disbursed from the Treasury of Federation Account or any bank account of any procuring entity for any procurement falling above the set thresholds unless the cheque, payments or other form of request for payments is accompanied by a certificate of "No Objection" to an award of contract duly issued by the Bureau." Also, paragraph 415 of the Financial Regulations (FR), 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦134,647,500.00 (One hundred and thirty four million, six hundred and forty seven thousand, five hundred naira) was paid two audit firms engaged without due process, to carry out forensic audit on the activities of a particular private entity.
ii. The approval granted by the Honourable Minister of Finance, limited the contract sum to ₦100,000,000.00 (One hundred million naira).
iii. The payment of the sum in (i) above was made in four tranches, totaling ₦134,647,500.00 despite the approval of ₦100,000,000.00 by the Honourable Minister of Finance.
iv. Evidence to show that the contract was varied to ₦134,647,500.00 was not produced for scrutiny.
v. Out of the amount paid in (i) above, one of the firms was paid the sum ₦130,147,500.00 (One hundred and thirty million, one hundred and fortyseven thousand, five hundred naira).
vi. The sum of ₦15,750,000.00 (Fifteen million, seven hundred and fifty thousand naira) was advanced to the Firm without presentation of Advanced Payment Guarantee (APG).
vii. The assignment was yet to be completed despite full payment, in contravention of extant regulations, and
viii. The Honourable Minister of Finance directed the immediate recovery of this amount from the audit firm, but the Commission is yet to effect the directive as at the time of this report.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Payments for service not rendered.
ii. Waste of public funds.
iii. Diversion of public funds.

Management Response

"It is important to note that the audit exercise was directed by the Commission in keeping with its regulatory mandate and in the interest of its investors and the general public.

Rule 9 (7) of Consolidated Rules of the Commission's Rule 2013 made pursuant to the ISA 2007 empowers the Commission to recover from any entity such expenses including fees paid

to the auditor or other professional as may be incurred by it for the purpose of inspecting the books of accounts, records and documents of the entity. Pursuant to this rule, the Commission conducted the audit exercise on… as approved by the Honourable Minister of Finance in the absence of the Board of the Commission.

All expenses incurred in the exercise of the audit are therefore to be recovered from… upon completion."

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregularities in the engagement of audit firms.
ii. Account to the Public Accounts Committees of the National Assembly the sum of ₦134,647,500.00 (One hundred and thirty four million, six hundred and forty seven thousand, five hundred naira), being irregular payments to the Audit Firms.
iii. Recover and remit the sum of ₦134,647,500.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct stated in paragraphs 3106, 3115 and 3129 of the Financial Regulations (FR), 2009, respectively, should apply.

ISSUE 18: PAYMENT FOR FOREIGN TRAVELS WITHOUT APPROVAL (=₦361,787,800.38)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The sum of ₦361,787,800.38 (Three hundred and sixty one million, seven hundred and eighty seven thousand, eight hundred naira) was spent by the Commission on foreign travels between January, 2017 and October, 2019, without clearance and approval from the Secretary to the Government of the Federation and/or the Head of Civil Service of the Federation, and
ii. Approval of the Secretary to the Government of the Federation or that of the Head of the Civil Service of the Federation as required by extant regulations was neither attached to the paid vouchers nor presented for audit.

The above anomalies may be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

"Upon receipt of the Circular dated 22nd January, 2015, the Commission wrote to the Head of Service of the Federation, the Honourable Minister of Finance and the Office of the Secretary to the Government of the Federation, drawing attention to the implications to the strict adherence to the Circular as segment of the economy which it regulates is of critical importance to country's overall economy.

The said trips were therefore undertaken after the letter and follow up engagement with the relevant authorities.

You may wish to note that the Commission, as a member of international securities Organization and other financial organizations is mandated to undertake foreign trips."

Recommendations

The Director-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, for foreign travels without approvals as required by extant regulations.
ii. Recover and remit the sum of ₦361,787,800.38 (Three hundred and sixty one million, seven hundred and eighty seven thousand, eight hundred naira) to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively as specified in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 19: UNACCOUNTED EXPENDITURE BY THE COMMISSION'S SUBSIDIARIES (=₦774,259,000.00)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in cash books /accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a cheque be raised, or cash paid for service which a voucher has not been raised." In addition, paragraph 112 (i) (f) and (g) of the Financial Regulations (FR), 2009, requires all accounting officers to ensure accountability for all public monies received and expended.

Audit observed that:

i. The sum of ₦774,259,000.00 (Seven hundred and seventy four million, two hundred and fifty nine thousand naira) was expended by three (3) subsidiaries of the Commission - National Investors Protection Fund (NIPF), Capital Market Development Fund (CMDF)

and Nigeria Capital Market Institute (NCMI) for capital market operational cost between 2017 and 2018, and

ii. Relevant supporting documents to substantiate the expenditures in (i) above were not produced for audit in violation of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Diversion of public funds.
ii. Waste of government funds.

Management's Response

"The three entities though operated as legal entities, accounting-wise, their processes are done centrally as none of the entities has staff of its own capacity to process financial transactions. All payments are therefore made through the Commission's financial system and accounting treatment are carried to properly recognize the transaction in the respective books of the funds.

You may wish to note that for accountability and transparency purposes, the funds has their respective financial statements and are audited by an independent auditor."

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦774,259,000.00 (Seven hundred and seventy four million, two hundred and fifty nine thousand naira), being unaccounted expenditures by the Commission's Subsidiaries.
ii. Recover and remit to the Treasury, the sum of ₦774,259,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct stated in paragraphs 3106, 3115 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 20: IRREGULAR PAYMENT OF ALLOWANCES (=₦7,394,287,819.88)

Paragraph 1503(iii) of the Financial Regulations (FR) 2009 states "Salaries, allowances and pension must not be paid in advance." Also, paragraph 1504 of the FR 2009 states "salaries and allowances which are based on an annual rate shall be paid by monthly instalments of one-twelfth of the annual rate." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦7,394,287,819.88 (Seven billion, three hundred and ninety four million, two hundred and eighty seven thousand, eight hundred and nineteen naira, eighty eight kobo) was paid as staff and motor vehicles allowances in advance, contrary to the provisions of extant regulations.

ii. The allowances were paid to circumvent the liquidity position of the Commission in order to avoid remitting the operating surplus, and
iii. The Commission failed to provide justification for the payment in (i) above.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks
i. Diversion of public funds.
ii. Waste of public funds.
iii. Difficulty in funding budget.

Management's Response
No response.

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦7,394,287,819.88 (Seven billion, three hundred and ninety four million, two hundred and eighty seven thousand, eight hundred and nineteen naira, eighty eight kobo), being irregular payment of allowances to staff.
ii. Recover and remit to the Treasury, the sum of ₦7,394,287,819.88.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct stated in paragraphs 3106, 3115 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 21: UNDER REMITTANCE OF OPERATING SURPLUS (=₦3,400,256,386.14)

Section 22(2) of the Fiscal Responsibility Act, 2007 states "The balance of the operating surplus shall be paid to the Consolidated Revenue Fund of the Federal Government, not later than one month following the statutory dead line for publishing each corporation's accounts." Also, paragraph 3(c) of the Treasury Circular Ref. No.TRY A10 & B10/2016 OAGF/CAD/026 /V.111/101, dated 22nd November 2016 states "all Corporations, Agencies and Government-owned companies listed in the schedule referred to in Section 21 of the Fiscal Responsibility Act, 2007 (as amended) including the additions by the Honourable Minister, Federal Ministry of Finance (FMF), shall pay 80 per cent (80%) of their Operating Surplus to the CRF, while 20 per cent (20%) will go to the General Reserve Fund of the Organization, so created for that purpose."

Audit observed that:
i. A letter from the Office of the Accountant-General of the Federation (OAGF) Ref. FUNDS/TSA/111/1/85 dated 21st June, 2017, following a reconciliation meeting between the representatives of the Commission and OAGF held on 21st June, 2017 adjusted the operating surplus of the Commission from ₦4,276,509,600.00 (Four billion, two hundred and seventy six million, five hundred and nine thousand, six hundred naira) to

₦583,760,000.00 (Five hundred and eightythree million, seven hundred and sixty thousand naira) for the period 2010 - 2014.

ii. There was no justification for the downward adjustment in(i) above, which resulted ina reduction of the operating surplus by ₦3,692,749,600.00 (Three billion, six hundred and ninety two million, seven hundred and fortynine thousand, six hundred naira).

iii. The Commission made a commitment through a letter with Ref. OAGF/DG1/TSA/2017 dated 3rd July, 2017 for an initial payment of ₦58,000,000.00 (Fifty eight million naira) in 2017 and ₦58,417,777.77 (Fifty eight million, four hundred and seventeen thousand, seven hundred and seventy seven naira, seventyseven kobo) annually, from 2018 - 2020 for the remaining balance of the adjusted operating surplus.

iv. The Commission had only remitted a total of ₦175,253,490.88 (One hundred and seventy five million, two hundred and fifty three thousand, four hundred and ninety naira, eighty eight kobo), leaving a balance of ₦408,506,509.12 (Four hundred and eight million, five hundred and six thousand, five hundred and nine naira, twelve kobo) as unremitted as at the time of this report.

v. The Commission also failed to remit operating surplus for the period 2015 and 2016 amounting to ₦919,284,616.54 (Nine hundred and nineteen million, two hundred and eighty four thousand, six hundred and sixteen naira, fifty four kobo), thus the total unremitted operating surplus for the period 2010 to 2016 was ₦1,327,791,125.66 (One billion, three hundred and twenty seven million, seven hundred and ninety one thousand, one hundred and twenty five naira, sixtysix kobo).

vi. The income statements for the periods 2017 and 2018 and budget performance statement as at 31st December, 2019 revealed a total of ₦2,072,465,260.48 (Two billion, seventy two million, four hundred and sixty five thousand, two hundred and sixty naira, forty eight kobo) as unremitted operating surplus, and

vii. The total unremitted operating surplus for the period 2010 to 2019 was ₦3,400,256,386.14 (Three billion, four hundred million, two hundred and fifty six thousand, three hundred and eighty six naira, fourteen kobo).

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Loss of government revenue.
ii. Inability to fund government budget.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Remit to the Treasury, the sum of ₦3,400,256,386.14 (Three billion, four hundred million, two hundred and fifty six thousand, three hundred and eighty six naira, fourteen kobo), being under remittance of operating surplus.

ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct stated in paragraphs 3112 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 22: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦329,745,402.82)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. Payments totaling ₦329,745,402.82 (Three hundred and twenty nine million, seven hundred and forty five thousand, four hundred and two naira, eighty two kobo) were made to some External Solicitors for legal services between January 2017 and December 2019, and
ii. Relevant evidence that the Commission sought and obtained the approval of the Honourable Minister of Justice and Attorney-General of the Federation before engaging and determining the fees to be paid to the External Solicitors, was not produced for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Engagement of unlicensed legal firms.
ii. Payment of excessive legal fees

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦329,745,402.82 (Three hundred and twenty nine million, seven hundred and forty five thousand, four hundred and two naira, eighty two kobo) for the engagement of external solicitors without the approval of the Honourable Minister of Justice and Attorney-General for the Federation.
ii. Recover and remit the sum of ₦329,745,402.82 to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to spend public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 23: PAYMENTS OF TENEMENT RATES NOT ACCOUNTED FOR (=₦199,527,500.000)

Paragraph 112 (i) (f) and (g) of the Financial Regulations (FR), 2009, requires all accounting officers to ensure accountability for all public monies received and expended. Furthermore, paragraph 415 of the Financial Regulations 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i. The sum of ₦9,800,500.00 (Nine million, eight hundred thousand, five hundred naira) was paid to Abuja Municipal Area Council and Port Harcourt City Local Government Area as tenement rate for the period 2017 and 2018.
ii. The Commission's Financial Statements however, disclosed the sum of ₦209,328,000.00 (Two hundred and nine million, three hundred and twenty eight naira) as tenement rate for the same period, and
iii. The records of the balance of ₦199,527,500.00 (One hundred and ninetynine million, five hundred and twentyseven thousand, five hundred naira) was not produced for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks
i. Diversion of public funds.
ii. Loss of public funds.

Management's Response
No response.

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦199,527,500.00 (One hundred and ninety nine million, five hundred and twenty seven thousand, five hundred naira), being payment for tenement rate not accounted for.
ii. Remit to the Treasury, the sum of ₦199,527,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 24: UNSUBSTANTIATED TRANSFER OF PUBLIC FUNDS (=₦50,000,000.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."Also, paragraph 713 of the Financial Regulations 2009 states "Personal money shall in no circumstances be paid into a government bank account, nor shall any public money be paid into a private account. An officer who pays public money into a private account is deemed to have done so with fraudulent intentions."

Audit observed that:

i. The sum of ₦50,000,000.00 (Fifty million naira) was transferred by the Commission to a Pension Funds Administrator on 29th November, 2019.
ii. The amount in (i) above was transferred to ZPC/CPL/SEC/Staff Gratuity Fund Investment Account, and
iii. The records and purpose of the transfer as well as the utilization of the amount was not presented for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Diversion of public funds.
ii. Loss of government funds.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦50,000,000.00 (Fifty million naira), being unsubstantiated transfer of public funds.
ii. Recover and remit the sum of ₦50,000,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively, stated in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 25: PAYMENTS TO MEDIA HOUSES WITHOUT EVIDENCE OF PUBLICATION (=₦37,096,870.23)

Paragraph 708 of the Financial Regulations (FR), 2009, states "On no account should payment be made for service not yet performed or for goods not yet supplied." Also, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, section 16(2) of the Public Procurement Act, 2007 states, "Where the Bureau has set prior review threshold in the procurement regulations, no funds shall be disbursed from the Treasury of Federation Account or any bank account of any procuring entity for any procurement falling above the set thresholds unless the cheque, payments or other form of request for payments is accompanied by a certificate of "No Objection" to an award of contract duly issued by the Bureau."

Audit observed that:

i. The sum of ₦37,096,870.23 (Thirty seven million, ninety six thousand, eight hundred and seventy naira, twenty three kobo) was paid to journalists and media houses that were purportedly engaged for media publication without evidence that the services were rendered.
ii. Documentary evidence of the expenditure such as pictorial advert and certificate of transmission were not produced for audit, and
iii. Some of thepayments were beyond the Ag. Director-General's approval threshold of less than ₦2,500,000.00 for services (Consultancy and Non-consultancy).

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Diversion of public funds.
ii. Loss of public funds.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦37,096,870.23 (Thirty seven million, ninety six thousand, eight hundred and seventy naira, twenty three kobo), being payment to Media Houses without evidence of publication.
ii. Recover and remit the sum of ₦37,096,870.23 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively, stated in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 26: IRREGULAR PAYMENT OF SABBATICAL LEAVE (=₦96,262,704.87)

Paragraph 100222 of the Public Service Rules (PSR), 2009, states "Sabbatical leave is the absence of an officer on GL.15 or equivalent and above from duty, for the purpose of research either within or outside Nigeria. The Officer on sabbatical leave shall be qualified to undertake properly organized study in areas relevant to the interest of the service or national development for a period of twelve months once in five years." Also, chapter 19 (3) of the Staff Manual of Securities and Exchange Commission states "A member of staff on CSS 01 - 02 who has served not less than 10 years could apply for 12 calendar months leave of absence to enable him undertake research work/further exposure. He shall be entitled to 50% of his annual salary during his period of absence." Furthermore, paragraph 6 of the Administrative Guidelines Regulating the Relationship between Parastatals/Government-Owned Companies and the Government states "…Where, however, a Board is dissolved and it is not immediately possible to reconstitute the Board, the President shall, on the recommendation of the supervising Ministry, constitute an interim Board, pending the constitution of such a Board, all matters which normally require the approval of the Board, shall be referred, by the Ministry, to the President for approval."

Audit observed that:

i. The sum of ₦96,262,704.87 (Ninety six million, two hundred and sixty two thousand, seven hundred and four naira, eighty seven kobo) was paid to two (2) Professors as benefits while on sabbatical leave appointment at the Commission.
ii. The payment in (i) above was made without recourse to the provisions of above extant regulations.
iii. The Commission kept one of the Professors beyond the stipulated period of twelve months, while the other Professorthat was offered a two-year sabbatical leave appointment through a letter referenced SEC/HRM/WP/04/2019 dated 15th April, 2019, effective 2nd May, 2019, resigned his appointment on the 16th August, 2019 (three months after appointment).
iv. The Commission failed to recover the sum of ₦6,815,529.39 (Six million, eight hundred and fifteen thousand, five hundred and twenty nine naira, thirty nine kobo) and ₦9,128,468.91 (Nine million, one hundred and twenty eight thousand, four hundred and sixty eight naira, ninety one kobo), being annual rent, furniture grant, annual generator and health club allowances, paid in advance for the 12months period.
v. There was no evidence of research report or value addition to the Commission as the personal files of the Professorswere not produced for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Diversion of public funds.
ii. Loss of public funds.

Management's Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦96,262,704.87 (Ninety six million, two hundred and sixty two thousand, seven hundred and four naira, eightyseven kobo), being irregular payment of sabbatical leave.
ii. Recover and remit the sum of ₦96,262,704.87 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively, stated in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 27: NON-ADHERENCE TO DUE PROCESS IN THE DISPOSAL OF VEHICLES (=₦56,220,000.00)

Sections 55 of the Public Procurement Act 2007 states “Open competitive bidding shall be the primary source of receiving offers for the purchase of any public property offered for sale.” Also, section 56 of the Public Procurement Act 2007 states “before slating any public property for disposal, the accounting officer … in charge of any public property set for disposal shall authorize the preparation of a valuation report for such property by an independent Evaluator, or such professional with the appropriate competence to carry out the evaluation.” In addition, paragraph 2965 of the FR 2009 states “The Accounting Officer of a disposing entity shall cause a valuation report to be prepared by an independent evaluator or such professional with the appropriate competence on public property intended to be disposed of before such property is listed for disposal.”

Audit observed that:

i. Eleven (11) motor vehicles costing ₦56,220,000.00 (Fifty six million, two hundred and twenty thousand naira) were disposed by the Commission.
ii. The Commission disposed the vehicles in (i) above at the sum of ₦6,041,000.000 (Six million, forty one thous and naira) without evidence ofvaluation report as required by the provisions of extant regulations, and
iii. Relevant documents such as letter of appointment of the auctioneer, evaluation and final reports on the boarding of the motor vehicles and receipts of remittance of proceeds were not produced for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Securities and Exchange Commission, Abuja.

Risks

i. Diversion of public funds.
ii. Loss of government funds.

Management’s Response

No response.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-adherence to due process in the disposal of government vehicles costing ₦56,220,000.00 (Fifty six million, two hundred and twenty thousand naira).
ii. Recover and remit the sum of ₦56,220,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to sale of government asset(s) at a ridiculously low price and gross misconduct specified in paragraphs 3114 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

SECTION 11

JUDICIARY
AUDIT DEPARTMENT

COUNCIL FOR LEGAL EDUCATION, NIGERIA LAW SCHOOL, ABUJA

At the Council for Legal Education, Nigeria law school, Abuja for the period January to December 2020, the following observations were made:

ISSUE 1: IRREGULAR ACQUISITION OF LAND AT THE NIGERIAN LAW SCHOOL, LAGOS CAMPUS

Section 56(1) of the Public Procurement Act states "before slating any public property for disposal, the accounting officer (whether acting in his own authority or at the direction of any superior or other authority) in charge of any public property set for disposal shall authorize the preparation of a valuation report for such property by an independent evaluator, or such professional with the appropriate competence to carry out the valuation."

Audit observed that:

i. Two buildings in the premises of the Nigerian Law School, Lagos Campus, was said to belong to the Nigerian Bar Association (NBA), and
ii. The evidence of transfer of ownership title to NBA or rental income received by the Council of Legal Education was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for Legal Education, Nigeria law school, Abuja.

Risks

i. Loss of government properties.
ii. Loss of rental income.

Management's Response

The land in question is Government assets and issues arising are also within two government bodies (the Nigeria Law School and the NBA). The management is engaging the NBA and legitimate measures and ways in handling such matter is on process, backing it up with the law of the Federal Republic of Nigeria as enshrined concerning acquisition of land to avoid tussle which may dispute the existing peace between both parties. We are expected to have a legal way in settling such dispute and to avoid counter court procedures and rancour between parties involved, but in an amicable way. We assure your office of an update soonest in respect of the ownership of the said property.

Recommendations

The Director-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly on the irregular acquisition of land at the Nigerian Law School, Lagos Campus.
ii. Produce the supporting documents relating to the acquisition of the properties or lease agreements to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (FR) 2009 should apply.

ISSUE 2: LEASE OF GOVERNMENT LAND WITHOUT AGREEMENT IN YOLA CAMPUS

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include… (d) ensuring the safety and proper maintenance of all government assets under his care;"

Audit observed that:

i. A parcel of land was leased as business premises by the Nigerian Law School Yola Campus to a vendor.
ii. The vendor constructed a permanent supermarket/shop within the premises of the School without evidence of outright acquisition, rental payments or lease agreement between the vendor and the management, and
iii. The details of the vendor and other relevant documents on the portion of land was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for Legal Education, Nigeria law school, Abuja.

Risks

i. Encroachment on government property.
ii. Loss of government property.

Management's Response

We appreciate your efforts in regards to the safety of Government property. The document was not made available at the time of audit visit due to the absence of schedule officer in whose custody the document was kept. Due to paucity of funds to develop some parts of the empty land within the Nigeria Law School in Yola Campus, the management consider it fit to make the land useful by allowing an outsider who will develop the land, which an agreement was made between both parties. He was to develop the land and the estimated funds expended will be deducted on monthly basis until being exhausted as per actual rent expended by the vendor on the property.

Recommendations

The Director-General should be requested to:

i. Provide supporting documents, such as agreement between the Nigerian Law School, Yola Campus, and the Vendor, to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (FR) 2009 should apply.

FEDERAL CAPITAL TERITORY HIGH COURT HEADQUARTERS, MAITAMA, ABUJA

At the Federal Capital Territory High Court Headquarters, Maitama, Abuja for the period January 2019 to December 2020, the folowing observations were made:

ISSUE 1: MOTOR VEHICLES NOT PRESENTED FOR AUDIT (=₦1,053,916,000.00)

Paragraph 2001 of the Financial Regulations (FR), 2009, states, "The-Accounting Officer shall be responsible for ensuring that there are effective controls in the use of government vehicles.…;" Furthermore, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include… (d) ensuring the safety and proper maintenance of all government assets under his care;…"

Audit observed that:

i. The sum of ₦2,088,716,000.00 (Two billion, eighty eight million, seven hundred and sixteen thousand naira) was awarded to six (6) companies for the supply of seventy seven (77) vehicles, and
ii. Thirty eight (38) vehicles costing ₦1,034,800,000.00 (One billion, thirty four million, eight hundred thousand naira) from the supplies in (i) above, were sighted by the auditors, while thirty nine (39) vehicles costing ₦1,053,916,000.00 (One billion, fifty three million, nine hundred and sixteen thousand naira) were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Capital Territory High Court Headquarters, Maitama, Abuja.

Risks

i. Loss of Government assets.
ii. Payment for items not supplied.

Management's Response

The list of motor vehicles is hereby attached for your confirmation and the vehicles have been sighted on demand from your office through the Resident Auditor via drivers of the Hon. Judges.

Recommendations

The Chief Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,053,916,000.00 (One billion, fifty three million, nine hundred and sixteen thousand naira) being the cost of procuring thirty nine (39) vehicles not presented for audit.
ii. Recover and remit to the Treasury, the sum of ₦1,053,916,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 2: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦322,740,000.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦285,120,000.00 (Two hundred and eighty five million, one hundred and twenty thousand naira) was paid to a contractor for the supply of diesel between January and December 2019.
ii. The sum of ₦37,620,000.00 (Thirty seven million, six hundred and twenty thousand naira) was paid to another contractor for general daily cleaning, landscaping and quarterly fumigation services.
iii. The services rendered by the two vendors in (i) and (ii) above amounted to ₦322,740,000.00 (Three hundred and twenty two million, seven hundred and forty thousand naira), and
iv. Relevant documents such as Store Receipt Vouchers (SRV), Store Issue Vouchers (SIV) Job Completion Certificates and the schedule of cleaners paid were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Capital Territory High Court Headquarters, Maitama, Abuja.

Risks

i. Payments for non-executed jobs.
ii. Loss of public fund.

Management's Response

The evidence of utilization of the diesel is hereby attached via different locations of court across the FCT and Hon. Judges residence for your onward confirmation.

Recommendations

The Chief Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦322,740,000.00 (Three hundred and twenty two million, seven hundred and forty thousand naira) being payment without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦322,740,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 3: PAYMENT FOR DIESEL NOT SUPPLIED (=₦42,768,000.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Similarly, paragraph 412 of Financial Regulations (FR) 2009, states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" In addition, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Moreso, paragraph 2402 (i) of the FR, 2009, states "On all paid vouchers for the purchase of stores, except as provided in sub-section (ii) of this regulation, the storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O."

Audit observed that:

i. The Court made two (2) paymentstotaling ₦42,768,000.00 (Forty two million, seven hundred and sixty eight thousand naira) to a contractor for supply of diesel through payment vouchers HCJ/EC/5185/2019 and HCJ/EC/5253/2019 dated 20th February, 2019 and 28th February, 2019 respectively.
ii. The payments were for diesel supplied in January and February 2018.
iii. There was no evidence that the liabilities with respect to diesel supplied in 2018 was revalidated in 2019 before payments were made, and
iv. Evidence of delivery and issuance of diesel to end users were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Capital Territory High Court Headquarters, Maitama, Abuja.

Risks

i. Payment for goods not supplied.
ii. Loss of government funds.

Management's Response

Payments are for different months.

Recommendations

The Chief Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦42,768,000.00 (Forty two million, seven hundred and sixty eight thousand naira) being payment for diesel not supplied.
ii. Recover and remit to the Treasury, the sum of ₦42,768,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 4: IRREGULAR ENGAGEMENT OF INSURANCE BROKER (=₦60,414,609.49)

Section 4(1) of the Insurance Act 2003 states "Subject to the provisions of this Act, no insurer shall commence insurance business in Nigeria unless the insurer is registered by the Commission under this Act." Furthermore, section 65(1) of the Insurance Act 2003, states "Every public building shall be insured with a registered insurer against the hazards of collapse, fire, earthquake, storm and flood." In addition, section65(3) of the Insurance Act 2003, states "the insurance policy under sub-section 1 shall cover the liabilities of an owner or occupier of premises in respect of loss of or damage to property or bodily injury or death suffered by any user of the premises or third party".

Audit observed that:

i. The sum of ₦60,416,609.49 (Sixty million, four hundred and sixteen thousand, six hundred and nine naira, forty nine kobo) was paid to an Insurance Broker to provide indemnity for loss or damage to FCT High Court landed properties for the year 2019, and
ii. Relevant documents such as the Insurance Policy to show the period ofthe insurance cover, receipt from the Insurance Company, terms of agreement and Certificate of Registration with National Insurance Commission (NAICOM) were not produced for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Federal Capital Territory High Court Headquarters, Maitama, Abuja.

Risks

i. Payment for service not rendered.
ii. Loss of Government funds.

Management's Response

We have written several letters to the insurance company asking them to bring the policy documents, but have proved abortive. Attached is the copy of latest letter written to them.

Recommendations

The Chief Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦60,416,609.49 (Sixty million, four hundred and sixteen thousand, six hundred and nine naira, forty nine kobo) being payment for irregular engagement of insurance broker.

ii. Recover and remit to the Treasury, the sum of ₦60,416,609.49.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR) 2009respectively, should apply.

SUPREME COURT OF NIGERIA, ABUJA

At the Supreme Court of Nigeria for period of January 2017-December 2020, the following observations were made:

ISSUE 1: ILLEGAL POSSESSION OF GOVERNMENT VEHICLE (=₦515,858,000.00)

Paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…"Also, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;" In addition, paragraph 2614 of the Financial Regulations (FR), 2009, states "…(ii) For boarding purposes, Boards of Survey should be convened at least once in every two months or as soon as unserviceable stores accumulate. (iii) Obsolete or unserviceable stores should similarly be disposed of either by auction sale or as directed by the Board, but disposal instruction must be carried out promptly within one month of the date of boarding."

Audit observed that:
i. The sum of ₦3,345,137,180.00 (Three billion, three hundred and forty five million, one hundred and thirty seven thousand, one hundred and eighty naira) was paid for forty five (45) motor vehicles between 2017 and 2021 fiscal years.
ii. Eighteen (18) vehicles totaling ₦515,858,000.00 (Five hundred and fifteen million, eight hundred and fifty eight thousand naira) were attached to seven (7) Justices of the Supreme Court (JSC) for official use.
iii. After the retirement of the seven (7) JSC, the official vehicles attached to them were not made available for inspection, and
iv. Evidence that the vehicles were auctioned to them on retirement and the proceed of sales remitted to the Treasury, in accordance with Extant Regulations, were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Supreme Court of Nigeria.

Risks
i. Loss of Government Asset.
ii. Diversion of Government Asset for private use

Management's Response
The vehicles are part of Supreme Court Justices entitlement.

Recommendation
The Chief Registrar should be requested to:
i. Provide the authorisation to the Public Accounts Committees of the National Assembly that cedes official vehicles to the Justices of the Supreme Court upon retirement.
ii. Recover and remit to the Treasury, the sum of ₦515,858,000.00 (Five hundred and fifteen million, eight hundred and fifty eight thousand naira).
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations 2009, should apply.

ISSUE 3: PAYMENTS FOR CONTRACTS WITHOUT BUDGETARY PROVISIONS (=₦112,117,106.37)

Paragraph 2906 (ii) of the Financial Regulations (FR), 2009 states "Pursuant to sub-section (i) above, all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. Also, paragraph 417 of FR 2009 states "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:
i. Contracts for supplies, works and services amounting to ₦371,541,636.50 (Three hundred and seventy one million, five hundred and forty one thousand, six hundred and thirty six naira, fifty kobo) were awarded in 2017, without budgetary provisions.
ii. The payments in (i) above, were made in 2018, 2019 and 2020 totaling ₦112,117,106.37 (One hundred and twelve million, one hundred and seventeen thousand, one hundred six naira, thirty seven kobo) with no evidence of appropriation.
iii. Reasons for awarding contracts without budgetary provisions were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system of the Supreme Court.

Risks
i. Misapplication of funds.
ii. Misappropriation of funds.

Management's Response
No response.

Recommendations

The Chief Registrar should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦112,117,106.37 (One hundred and twelve million, one hundred and seventeen thousand, one hundred six naira, thirty seven kobo) being payment for contracts awarded without budgetary provisions.
ii. Recover and remit to the Treasury, the sum of ₦112,117,106.37.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in Paragraphs 3106 and 3129 of the Financial Regulations (FR) 2009, respectively, should apply.

ISSUE 4: INFLATION OF CONTRACT PRICE (=₦11,433,600.00)

Section 31(3) of Public Procurement Act (PPA) 2007, states "The following shall not be sought, offered or permitted (a) changes in prices; (b) changes of substance in a bid: and (c) changes to make an unresponsive bid responsive." Also, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. A contract was awarded at the sum of ₦86,632,035.00 (Eighty six million, six hundred and thirty two thousand, thirty five naira) through award letter Ref. No. SCN/PROC/859/12/19 dated 26th September 2019.
ii. The Bill of quantities attached to the final payment voucher No (009) SCN/OC/CAP/0021/20 dated 8th March, 2020 as shown in the Table below:

S/N	Item in BOQ	Amount Recorded in the BOQ (₦)	Amount that should have been recorded based on auditors calculation (₦)	Difference (Overbilling) (₦)
1	Item B4	6,432,000.00	643,200.00	5,788,800.00
2	Item F2(1)	10,080,000.00	5,040,000.00	5,040,000.00
3	Item F2(ii)	1,209,600.00	604,800.00	604,800.00
Total				**11,433,600.00**

iii. The total recomputed contract was ₦75,198,435.00 but awarded for ₦86,632,035.00, leading to an overbilling amounting to ₦11,433,600.00 (Eleven million, four and thirty three million, six hundred naira).

The above anomalies could be attributed to weaknesses the in internal control system at the Supreme Court.

Risks

i. Diversion of public funds.
ii. Loss of public funds for services not rendered.

Management's Response
No response.

Recommendations
The Chief Registrar should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦11,433,600.00 (Eleven million, four and thirty three million, six hundred naira) being inflation of contract price.
ii. Recover and remit the sum of ₦11,433,600.00 to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to inflation of contract and gross misconduct prescribed in Paragraphs 3102 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 5: UNAUTHORIZED SALE OF SUPREME COURT LANDED PROPERTIES

Paragraph 2614 of the Financial Regulations (FR), 2009, states "…(ii) For boarding purposes, Boards of Survey should be convened at least once in every two months or as soon as unserviceable stores accumulate. (iii) Obsolete or unserviceable stores should similarly be disposed of either by auction sale or as directed by the Board, but disposal instruction must be carried out promptly within one month of the date of boarding."Furthermore, paragraph 2619 of the FR 2009 states "Accounting Officers shall make arrangements for the sale of the unserviceable' and obsolete stores by a licensed public auctioneer, or, where appropriate, by public tender in accordance with Financial Regulation 2964."In addition, paragraph 2620(i) of the FR 2009,states "The Officer in charge of the public auction, or public tender shall pay the net proceeds of the auction after the deduction of the auctioneer's commission, to the nearest Sub- Treasury or Central Pay Office for classification to the appropriate Sub- Head of the Miscellaneous Revenue Head. He shall inform the Accounting Officer concerned of the details of the proceeds of sale and quote the reference and date of the relevant Treasury Receipt. The Accounting Officer shall inform the Accountant-General and the Auditor-General of the reference number, date and amount of the Treasury Receipt for the proceeds of the sales of articles disposed of."

Audit observed that:

i. The Supreme Court of Nigeria Properties located at No. 72 Alexander Avenue; No. 2, Club Road; No. 20, Cameron Road and No. 15, Ikoyi crescent, Lagos Statewere disposed without following due process, and
ii. Evidence of the disposal, such as authorization, report from board of survey, engagement of auctioneers, advertisement, proceeds from disposal, etc. were not produced for audit.

The above anomalies could be attributed to weaknesses the in internal control system at the Supreme Court.

Risks

i. Diversion of government properties.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Chief Registrar should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly on the unauthorised disposal of properties.
ii. Recover the disposed properties located at No.. 72 Alexander Avenue; No. 2, Club Road; No. 20, Cameron Road and No. 15, Ikoyi crescent.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to premature scrapping of government properties and gross misconduct prescribed in Paragrapghs 3114 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 6: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦10,223,565,485.70)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised."

Audit observed that:
i. The sum of ₦10,223,565,485.70 (Ten billion, two hundred and twenty three million, five hundred and sixty five thousand, four hundred and eighty five naira, seventy kobo) was paid through one hundred and twenty four (124) vouchers to various beneficiaries, and
ii. The paid vouchers and other supporting documents were not presented for audit contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control systemat the Supreme Court.

Risks
i. Payments for unappropriated expenditures.
ii. Payments for jobs not executed.
iii. Diversion of public funds.

Management's Response
No response

Recommendations

The Chief Registrar should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦10,223,565,485.70 (Ten billion, two hundred and twenty three million, five hundred and sixty five thousand, four hundred and eighty five naira, seventy kobo) being paid vouchers not presented for audit.
ii. Recover and remit to the Treasury, the sum of ₦10,223,565,485.70.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in Paragraphs 3106, 3115 and 3129 of the Financial Regulations (FR) 2009, respectively, should apply.

ISSUE 7: IRREGULAR AWARD OF CONTRACT AND OVERPAYMENT TO CONTRACTOR (=₦827,075,713.04)

Paragraph 412 of the Financial Regulations (FR) 2009, states **"**Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with terms of the contract agreement, that as regards supplies, the articles have been received and. in the case of work, that it has been properly done. In the case of payment on account, no money will be claimed other than the cost of the work certified to have been performed…" Furthermore, paragraph 708 of the (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Also, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. A contract for the construction of access road to Justices' quarters (Yellow Houses) Abuja awarded for the sum of ₦990,494,207.80 (Nine hundred and ninety million, four hundred and ninety-four thousand, two hundred and seven naira, eighty kobo) in April 2021.
ii. The level of work done was valued at 50%, which should have amounted to ₦495,247,103.90 (Four hundred and ninety five million, two hundred and forty seven thousand, one hundred and three naira, ninety kobo).
iii. The contractor was paid the sum of ₦827,075,713.04 (Eight hundred and twentyseven million, seventy five thousand, seven hundred and thirteen naira, four kobo) being 83.5% of the contract sum resulting in an overpayment of ₦331,815,559.61 (Three hundred and thirty one million, eight hundred and fifteen thousand, five hundred and fifty nine naira, sixty one kobo), and
iv. Relevant documents such asContractor's file, bidding documents, award letter, contract agreement, Bill of Quantities etc. were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control systemat the Supreme Court.

Risks

i. Diversion of government funds.
ii. Payment for jobs not executed.
iii. Loss of government funds.

Management's Response

No response.

Recommendations

The Chief Registrar should be requested to:

i. Justify to the Public Accounts Committees of National Assembly, the sum of ₦827,075,713.04 (Eight hundred and twenty seven million, seventy five thousand, seven hundred and thirteen naira, four kobo) being irregular award of contract and overpayment to contractor.
ii. Recover the sum of ₦827,075,713.04 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations 2009, should apply.

ISSUE 8: FUNDS APPROPRIATED FOR BROADCASTING EQUIPMENT NOT ACCOUNTED FOR (=₦645,000,000.00)

Paragraph 114 of the Financial Regulations (FR), 2009 states "The Head of Finance and Accounts of a ministry/extra-ministerial office and other arms of government shall perform the following duties, amongst others: …(f) compiling and defending of the budget proposals and ensuring effective budgeting control by matching/comparing budgeted figures with actual expenditure or revenue as the case may be and advise the Accounting Officer appropriately." Furthermore, paragraph 417 of the FR 2009 states "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."In addition, paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The sum of ₦645,000,000.00 (Six hundred and forty five million naira) was appropriated and released for Broadcasting Equipment in 2017, and
ii. Relevant documents such as vouchers, vote book, Store Receipt Vouchers, Store Ledger, Invoices, etc. were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control systemat the Supreme Court.

Risks

i. Misapplication of public funds.
ii. Diversion of public funds.
iii. Loss of government funds.

Management's Response

No response.

Recommendations

The Chief Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦645,000,000.00 (Six hundred and forty five million naira) being amount appropriated for Broadcasting Equipment without evidence of utilisation.
ii. Recover the sum of ₦645,000,000.00 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009, should apply.

SECTION 12

MILITARY AGENCIES AUDIT DEPARTMENT

MILITARY PENSIONS BOARD, ABUJA

At the Military Pensions Board, Abuja, the following observations were made:

ISSUE 1: NON-REMITTANCE OF STATUTORY TAXES (=₦12,967,425.70)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the sametime the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦12,967,425.70 (Twelve million, nine hundred and sixty seven thousand, four hundred and twenty five naira, seventy kobo) deducted as Withholding Tax (WHT) and Value Added Tax (VAT) were not remitted to the Federal Inland Revenue Service.
ii. The sum of ₦5,305,543.50 (Five million, three hundred and five thousand, five hundred and forty three naira, fifty kobo) and ₦7,661,882.16 (Seven million, six hundred and sixty one thousand, eight hundred and eighty two naira, sixteen kobo) were deducted as Withholding Tax (WHT) and Value Added Tax (VAT) in 2020 respectively, and
iii. The statutory taxes were not remitted in accordance with extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Military Pensions Board.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Chairman should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦12,967,425.70 (Twelve million, nine hundred and sixty seven thousand, four hundred and twenty five naira, seventy kobo) being unremitted WHT and VAT to the relevant tax authorities.
ii. Recover and remit to the relevant authorities, the sum of ₦12,967,425.70.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to remit VAT and WHT, and failure to collect and account for government revenue prescribed in paragraphs 234 (ii) and 3112 of the Financial Regulations 2009, respectively should apply.

ISSUE 2: NON-DEDUCTION OF 1% STAMP DUTIES (=₦419,238.42)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 620 of the Financial Regulations (FR), 2009 states "Receipts given on paid vouchers are liable to Stamp Duty in Accordance with the Stamp Duties Ordinance (Stamp Duties Act Cap. 411)…"

Audit observed that:

i. The sum of ₦419,238.42 (Four hundred and nineteen thousand, two hundred and thirty eight naira, forty two kobo) was stamp duties from payments made in respect of four (4) contracts in 2020, and
ii. No reason was provided for the non-deduction and remittance of the Stamp duty to the appropriate tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Military Pensions Board.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Chairman should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦419,238.42 (Four hundred and nineteen thousand, two hundred and thirty eight naira, forty two kobo) being unremitted Stamp Duty to the appropriate tax authorities.
ii. Recover and remit to the relevant tax authorities, the sum of ₦419,238.42.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue, and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦55,912,405.52)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the FR 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person

or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised."

Audit observed that:

i. The sum of ₦55,912,405.52 (Fifty five million, nine hundred and twelve thousand, four hundred and five naira, fifty two kobo) was paid through twenty nine (29) vouchers to various beneficiaries in 2020, and
ii. The paid vouchers and other supporting documents were not presented for audit contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Military Pensions Board.

Risks

i. Payments for unapproved expenditures.
ii. Payments for unappropriated expenditures.
iii. Payments for jobs not executed.

Management's Response

No response.

Recommendations

The Chairman should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why twenty nine (29) vouchers used to effect payments to various beneficiaries were not presented for audit.
ii. Account for the sum of ₦55,912,405.52 (Fifty five million, nine hundred and twelve thousand, four hundred and five naira, fifty two kobo) paid to the beneficiaries.
iii. Recover and remit to the Treasury, the sum of ₦55,912,405.52.
iv. Forward evidence of payment to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively as prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 4: NON-ACKNOWLEDGEMENT OF LOAN DEDUCTION BY THE RECEIVING AUTHORITIES (=₦19,321,361.61)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The sum of ₦19,321,361.61 (Nineteen million, three hundred and twenty one thousand, three hundred and sixty one naira, sixty one kobo) was deducted from gratuities and pensions of retired and deceased officers in 2020, and
ii. The deductions in (i) above, represents car loan, housing loan and co-operative loan without evidence of acknowledgement of receipts by the relevant agencies contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Military Pensions Board.

Risks

i. Possibility of misappropriation of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Chairman should be requested to:

i. Produce to the Public Accounts Committees of the National Assembly, the sum of ₦19,321,361.61 (Nineteen million, three hundred and twenty one thousand, three hundred and sixty-one naira, sixty one kobo) being evidence of acknowledgement receipt by the relevant agencies.
ii. Recover and remit the sum of ₦19,321,361.61 to the relevant agencies.
iii. Furnish the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3105 of the Financial Regulations 2009 should apply.

NIGERIAN ARMY UNIVERSITY, BIU, BORNO STATE

At the Nigerian Army University, Biu, Borno State, the following observations were made:

ISSUE 1: STORES ITEMS NOT TAKEN ON LEDGER CHARGE (=₦234,758,546.00)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. The sum of ₦234,758,546.00 (Two hundred and thirty four million, seven hundred and fifty eight thousand, five hundred and forty six naira) was paid to two (2) contractors for the supply of various store items as shown in the Table below, and

STORES ITEMS NOT TAKEN ON LEDGER CHARGE				
S/N	**DATE**	**PV NO.**	**DESCRIPTION**	**AMOUNT (₦)**
1	03/03/2020	1781	Supply of Chemical Reagent and Equipment	98,674,154.00
2	22/07/2020	2145	Supply of Lab. Equipment	136,084,392.00
	TOTAL			**234,758,546.00**

ii. There was no evidence that the supplies were made as the items were not taken on store ledger charge and Store Receipt Vouchers (SRV) issued to authenticate the supplies were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Army University, Biu.

Risks

i. Loss of Public funds.
ii. Diversion of public funds.

Management's Response

"All proper store procedures for the above said amount with contract description; Supply of Laboratory Consumables and Supply of Laboratory Equipment Awarded M/S Toteil and M/S Konstrad Nig. Ltd was observed and the items in question have been issued out to the various user department."

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦234,758,546.00 (Two hundred and thirty four million, seven hundred and fifty eight thousand, five hundred and forty six naira) expended on the supply of store items not taken on charge.
ii. Recover and remit to the Treasury, the sum of ₦234,758,546.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 2: OVERPAYMENT OF ESTACODE ALLOWANCE TO STAFF (=₦438,000.00)

Paragraph 2(v) of the Establishment Circular ref. no. SGF/OP/I/S.3/XII/158 dated 15th October 2019 states "Duration of Travels: Duration of official trips shall henceforth be limited to only the

number of days of the event as contained in supporting documents to qualify for public funding. The implication of this is that travel days will no longer attract payment of Estacode Allowances, till the finances of Government improve."

Audit observed that:

i. The sum of ₦3,760,080.00 (Three million, seven hundred and sixty thousand, eighty naira) was paid to a Professor as Duty Tour Allowance (DTA), Air Ticket and Estacode to participate in a programme on Empowering Women in Higher Education at Oxford, UK through Voucher No. 1831.
ii. The programme was scheduled for 11th to 16th March, 2020 (i.e. 6 days) while the Estacode of US$600 (Six hundred United States dollars) per day was paid to the professor for 8 days instead of 6 days.
iii. The sum of ₦1,752,000.00 (One million, seven hundred and fifty two thousand naira) was paid for 8 days at ₦365 per US$ instead of the sum of ₦1,314,000.00 (One million, three hundred and fourteen thousand naira) for 6 days at ₦365 per US$, and
iv. The payment in (iii) above, led to an overpayment of ₦438,000.00 (Four hundred and thirty eight thousand naira) contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Army University, Biu.

Risks

i. Loss of Public funds.
ii. Diversion of public funds.

Management's Response

Management apologies for this infraction as we were not aware of the said circular, when payment was made. We have subsequently addressed and corrected the aforementioned. Evidence of refund will be provided. Find attached (Enclose 3).

Recommendations

The Vice Chancellor should be requested to:

i. Forward the evidence of refund of ₦438,000.00 (Four hundred and thirty eight thousand naira) to the Public Accounts Commitees of the National Assembly.
ii. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively as stated in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

NIGERIAN ARMED FORCES RESETTLEMENT CENTRE, OSHODI, LAGOS

At the Nigerian Armed Forces Resettlement Centre, Oshodi, Lagos, the following observations were made:

ISSUE 1: UNAUTHORIZED VIREMENTS FROM OVERHEAD COST (=₦165,289,445.29)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." In addition, paragraph 313 of (FR) 2009 states, "The authority conveyed to the Accountant-General, and to officers controlling votes, by Recurrent Expenditure Warrants is limited to the amounts provided under each sub-head in the Approved Estimates and Supplementary Estimates. No expenditure on any sub-head of the Recurrent Estimates in excess of the provision in the Approved estimates or Supplementary Estimates may be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of an application for supplementary provisions or virement."

Audit observed that:

i. The sum of ₦463,215,322.50 (Four hundred and sixty three million, two hundred and fifteen thousand, three hundred and twenty two naira, fifty kobo) was the total overhead appropriation released to the Centre in 2020, and
ii. The sum of ₦165,289,445.29 (One hundred and sixty five million, two hundred and eighty nine thousand, four hundred and forty five naira, twenty nine kobo) was expended on capital projects without evidence of approval of the National Assembly and the Minister of Finance.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Armed Forces Resettlement Centre, Oshodi, Lagos.

Risks

i. Misappropriation of public funds.
ii. Diversion of public funds.

Management's Response

It is pertinent to state that due to peculiarities of NAFRC, which trains and takes care of retiring members of the Armed Forces who are already aged and not too strong to withstand certain inconveniences. The management of the centre do what is necessary to protect them from harsh weather, by promptly repairing and renovating their accommodation and learning infrastructures whenever the need arises. These trainees are very sensitive to manage, and they complain at slightest inconvenience. It is obvious that overhead funds are relatively more regular than capital funds. Therefore, the management of the Centre was pushed to utilize overhead funds for the comfort of the trainees. It is equally worthy of note that all the expenditures that were incurred was in the interest of the trainees and the nation at large to avoid any security breach. However, this observation is noted and will be curtailed in the current year and beyond.

Recommendations

The Commandant should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦165,289,445.29 (One hundred and sixty five million, two hundred and eighty nine thousand, four hundred and forty five naira, twenty nine kobo) being unauthorised virements from overhead costs.
ii. Recover and remit the sum of ₦165,289,445.29 the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: EXTRA-BUDGETARY SPENDING (=₦680,275,028.08)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of the Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 301 of the FR 2009, states "any officer controlling a vote or part thereof, who incurs expenditure without authority does so on his sole responsibility and will consequently be held pecuniary responsible for his action."

Audit observed that:

i. The sum of ₦63,059,074 (Sixty three million, fifty nine thousand, and seventy four naira) was appropriated to the Centre in 2020 for "Rehabilitation and Repairs of residential buildings".
ii. The sum of ₦743,334,102.08 (Seven hundred and forty three thousand, three hundred and thirty four thousand, one hundred and two naira, eight kobo) was paid for rehabilitation and repairs of residential buildings, resulting in extra budgetary spending of ₦680,275,028.08 (Six hundred and eighty million, two and seventy five thousand, twenty eight naira and eight kobo), and
iii. Approval for the extra-budgetary expenditure from the National Assembly and the Minister of Finance was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Armed Forces Resettlement Centre, Oshodi, Lagos.

Risks

i. Waste of public funds.
ii. Diversion of public funds.

Management's Response

It is on record that NAFRC as an Institution has been trying to stick to the provisions of the Appropriation Act. However, in the case under review, we were constrained to embark on some of these repairs and renovations due to the exigencies and the fact that our trainees, who are

the main reason why NAFRC was established are old and vulnerable to veracities of weather, so the Centre prioritise their comfort and wellbeing so as to minimize casualties in terms of sickness arising from poor conditions of facilities while in the Centre as has been the case before now. However, the Auditor General is hereby assured that subsequently, the management of the Centre will do everything possible to continue sticking to the provisions of the Appropriation Act.

Recommendations

The Commandant should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦680,275,028.08 (Six hundred and eighty million, two and seventy five thousand, twenty eight naira and eight kobo) being extra-budgetary expenditure without approval.
ii. Recover and remit the sum of ₦680,275,028.08 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

SECTION 13

MINISTRIES
AUDIT DEPARTMENT

FEDERAL MINISTRY OF COMMUNICATIONS AND DIGITAL ECONOMY

At the Federal Ministry of Communications and Digital Economy, the following observation was made:

ISSUE 1: IRREGULAR PAYMENT ON FOREIGN TOUR (=₦9,887,404.00)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The Ministry made payments totaling ₦9,887,404.00 (Nine million, eight hundred and eightyseven thousand, four hundred and four naira) to some officers as estacode allowances to enable them embark on foreign assignments as detailed in the Table below.:

S/N	DATE	PV NO	DESCRIPTION	AMOUNT (₦)
1	10/07/20	46	International Summit in India 14th October to 6th November 2019	2,999,592.00
2	09/07/20	45	International Training South Korea October 2019	4,811,904.00
3	08/07/20	44	Meeting ITU July 2015 in Nairobi Kenya	866,750.00.00
4	21/07/20	48	3rd Session AU Meeting Egypt 22nd October to 26th October, 2019	1,209,158.00
			TOTAL	**9,887,404.00**

ii. Approval from the Office of the Head of Civil Service of the Federation in respect of the purported foreign tour was neither attached to the paid vouchers nor presented on demand.
iii. Relevant documents such as flight tickets, boarding pass, photocopy of relevant page of Visa Passport etc. were not attached to the paid vouchers nor presented for audit, and
iv. Reports detailing the activities at the summits and conferences were not produced for audit verifications.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Communications and Digital Economy

Risks

i. Payment for services not rendered.
ii. Diversion of public funds.

Management's Response

"The beneficiaries enumerated above went for these programmes as at the training dates, but wrote for their reimbursements of the training expenses when they returned with the evidence of participation, such as flight tickets, certificate, reports, etc."

Recommendations

The Permanent Secretary should be requested to:

i. Account for the sum of ₦9,887,404.00 (Nine million, eight hundred and eighty-seven thousand, four hundred and four naira) paid as estacode allowances without approval from the Office of the Head of Civil Service of the Federation.
ii. Recover and remit the sum of ₦9,887,404.00 (Nine million, eight hundred and eighty-seven thousand, four hundred and four naira) to the Federal Government treasury, forwarding evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations should apply.

MINISTRY OF NIGER DELTA AFFAIRS, ABUJA

At the Ministry of Niger Delta Affairs, the following observations were made:

ISSUE 1: IRREGULAR PAYMENT FOR ENVIRONMENTAL IMPACT ASSESSMENT (=₦108,167,470.13)

Section 41 of the Environmental Impact Assessment Act 1992, provides that, a certificate stating that an environmental assessment of a project has been completed, and signed by the Agency that exercises power or performs a duty or function referred to in section 8 of this Act in relation to the project, is in the absence to the contrary, proof of the matter stated in the certificate., Also paragraph 603(1) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦108,167,470.13 (One hundred and eight million, one hundred and sixtyseven thousand, four hundred and seventy naira, thirteen kobo) was paid to various Consultants for consultancy services on Environmental Impact Assessment, and
ii. The payments were made without evidence of Clearance Certificates from the Ministry of Environment, in contravention of the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Niger Delta Affairs.

Risks

i. Engagement of incompetent consultant(s).
ii. Waste of public funds.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦108,167,470.13 (One hundred and eight million, one hundred and sixty seven thousand, four hundred and seventy naira, thirteen kobo only), being irregular payment for environmental impact assessment.
ii. Recover and remit the sum of ₦108,167,470.13 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions on irregular payment prescribed in paragraph 3106 of the Financial Regulations (FR) 2009 should apply.

ISSUE 2: UNACCOUNTED PAYMENTS (=₦34,481,800.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also paragraph 603(1) of the (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦34,481,800.00 (Thirty four million, four hundred and eighty one naira, eight hundred naira only) was paid to an officer as "administrative advance" for Community Engagement and Sensitisation Programme for Youths and Stakeholders in the Niger Delta Region, through voucher number MNDA/CAP/ADV/009/19 dated 29th December, 2019.
ii. The sum of ₦7,700,000.00 (Seven million, seven hundred thousand naira) was allegedly incurred on Hiring of Conference Hall, Hiring of Public Address System, Conference Materials, Stationaries, Security, Refreshment & Lunch, Production of Banners, Production of Report.
iii. The sum of ₦750,000.00 (Seven hundred and fifty million naira) was used for the purchase of two (2) Computer system, two (2) A6 Printer and printing of Name tags.
iv. The sum of ₦11,600,000.00 (Eleven million, six hundred thousand naira) was paid as Transportation, Accommodation Allowance and Honorarium to five (5) Traditional Rulers and other invited Guests/Delegates.

v. The total sum of ₦2,950,000.00 (Two million, nine hundred and fifty thousand naira) was provided for fueling and security for Hon. Minister of State and the Permanent Secretary.
vi. The sum of ₦11,481,800.00 (Eleven million, four hundred and eighty one thousand, eight hundred naira) was paid as DTA, flight ticket and transportation to the Project Accountant for onward disbursement to 81 members of staff of the Ministry.
vii. Documentary evidence of expenditure of items ii - vi above, such as receipts, invoices, store receipt vouchers, group photographs, on-payment records, report, attendance register and job completion certificate, etc, were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Niger Delta Affairs.

Risks
i. Payments for services not rendered.
ii. Diversion of public funds.
iii. Loss of public funds

Management's Response
No response.

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦34,481,800.00 (Thirty four million, four hundred and eighty one naira, eight hundred naira only), being unaccounted payments.
ii. Recover and remit the sum of ₦34,481,800.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions on irregular payment and failure to manage or spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 3: PAYMENT FOR WORKS NOT FULLY EXECUTED (=₦17,473,500.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Also, paragraph 708 of the Financial Regulations 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The contract for the provision of solar powered borehole and street lights at Amai, Ukwuani LGA, Delta State, was awardedto a company for ₦38,056,250.00 (Thirty eight

million, fifty six thousand, two hundred and fifty naira), through award letter dated 11th December, 2017.

ii. The Solar powered borehole component of the contract was completed and functional.

iii. The Bills of Engineering Measurement and Evaluation (BEME) included the installation of forty (40) units of solar powered streetlights at ₦529,500.00 (Five hundred and twenty nine thousand, five hundred naira only) each, totaling ₦21,180,000.00 (Twenty one million, one hundred and eighty thousand naira only).

iv. The sum in (iii) was paid to the contractor in full, whereas only seven (7) units of the street lights were supplied and installed, leaving a balance of thirty three (33) units amounting to ₦17,473,500.00 (Seventeen million, four hundred and seventy three thousand, five hundred naira only) not supplied.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Niger Delta Affairs.

Risks

i. Diversion of public funds.

ii. Loss of public funds

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Recover and remit the sum of ₦17,473,500.00 (Seventeen million, four hundred and seventy three thousand, five hundred naira only) to the Treasury.

ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions on payment for job not executed and irregular payment specified in paragraphs 3104 and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: IRREGULAR PAYMENTS FOR PROGRAMMES (=₦81,237,000.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also, paragraph 603(1) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." In addition, paragraph 4(vii) of the Treasury Circular with Ref. No: TRY/A8&B8/2008 OAGF/CAD/026/Vol.11/ dated 22nd October 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid;"

Audit observed that:

i. Thetotal of ₦81,237,000.00 (Eighty one million, two hundred and thirty seven thousand naira) was paid to staff of the Ministry for various Community Engagement/Sensitization and Peace/Security Programmes across the Niger Delta Region under the supervision of Community Development and Education (CDE) Department through seven (7) paid vouchers.
ii. The sum of ₦46,157,600.00 (Forty six million, one hundred and fifty seven thousand, six hundred naira) was also paid for hiring of conference hall, hiring of public address system, conference materials, stationaries, security, refreshment & lunch, production of banners, production of report, printing of name tags, transportation, accommodation allowance and honorarium to invited guests/delegates, fueling etc.
iii. The sum of ₦35,079,400.00 (Thirty five million, seventy nine thousand, four hundred naira only) was paid as Duty Tour Allowance (DTA), flight ticket and transportation to the Project Accountants for further disbursement to staff of the Ministry in contravention of the provision of the extant Circular above, and
iv. Evidence of the above expenditure in (ii) and (iii) amounting to ₦81,237,000.00, such as group photographs, attendance register, Job completion certificate, on-payment records, programme report, etc, to prove that the sensitization programme actually took place was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Niger Delta Affairs.

Risks

i. Payments for services not rendered.
ii. Diversion of public funds.
iii. Loss of public funds

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦81,237,000.00 (Eighty one million, two hundred and thirty seven thousand naira only), being irregular payments for Community Engagement/Sensitization and Peace/Security Programme across the Niger Delta Region.
ii. Recover and remit the sum of ₦81,237,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions on payment for job not executed and irregular paymentspecified in paragraphs 3104 and 3106 of the Financial Regulations 2009 respectively, should apply.

FEDERAL MINISTRY OF MINES AND STEEL DEVELOPMENT

At the Federal Ministry of Mines and Steel Development, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMNT PROCEDURE (=₦123,092,227.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Ten (10) payments totaling ₦123,092,227.00 (One hundred and twenty million, ninety two thousand, two hundred and twenty seven naira) were made to staff of the Ministry for the procurement of laptops, workstations, ICT equipment, stationeries, printing, design and erection of bill boards, etc.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. These cash advances deprived the government of revenue totaling ₦16,617,450.65 (i.e ₦9,231,917.03 + ₦6,154,611.35 + ₦1,230,922.27) representing 7.5% VAT, 5% WHT and 1% Stamp Duty, respectively, that would have accrued if the jobs were contracted.

The above anomalies could be attributed to weaknesses in internal control system at the Federal Ministry of Mines and Steel Development.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding government budget.

Management's Response

The Ministry and all the Mining companies were given waiver and concession to come to the office and continue operation during the pandemic period when the revenue of the Federation was at its lowest ebb and the economy was gradually going into recession. In other to fulfill the mandate as directed by the President of the Federal Republic of Nigeria the activities of direct purchase became inevitable during the peak period of COVID-19 which was impossible for awards of contracts due to restriction of movement.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦16,617,450.65 (Sixteen million, six hundred and seventeen thousand, four hundred and fifty naira, sixty five kobo) to staff as cash advance above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦16,617,450.65.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

FEDERAL MINISTRY OF PETROLEUM RESOURCES

At the Federal Ministry of Petroleum Resources, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMNT PROCEDURE (=₦12,341,620.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Twenty one (21) payments totaling ₦12,341,620.00 (Twelve million, three hundred and forty one thousand, six hundred and twenty naira) were granted to staff for the procurement of goods and services.
ii. The advances granted were in excess of the ₦200,000.00 (Two hundred thousand naira) threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The cash advances deprived the government of chargeable taxes amounting to ₦1,542,702.50 (One million, five hundred and forty two thousand, seven hundred and two naira fifty kobo) for Value Added tax (VAT) and Withholding Taxes (WHT) respectively, that would have accrued if the jobs were contracted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Petroleum Resources.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding government budget.

Management's Response

We have looked into our Ledger and found some of the documents to support the claim, some of the items have been taken on charge.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦12,341,620.00 (Twelve million, three hundred and forty one thousand, six hundred and twenty naira) to staff as cash advance above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦12,341,620.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: PAID VOUCHERS NOT STAMPED "PAID" (=₦362,963,708.86)

Paragraph 622 of the Financial Regulations (FR) 2009 states "Immediately after payment is made, the paying officer shall stamp the original voucher and all copies, all invoices warrant or other supporting documents "PAID"."

Audit observed that:

i. The sum of ₦362,963,708.86 (Three hundred and sixty two million, nine hundred and sixty three thousand, seven hundred and eight thousand, eighty six kobo) was paid to staff of the Ministry for supplies and purchase of different items without appending the stamp "PAID", and
ii. The paid vouchers and the supporting documents were also not stamped "PAID" as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Petroleum Resources.

Risks

i. Duplication of payment.
ii. Diversion of public funds

Management's Response

The Ministry has complied with this observation accordingly.

Recommendations

i. The Permanent Secretary should be requested to:
ii. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦362,963,708.86 (Three hundred and sixty two million, nine hundred and sixty three thousand, seven hundred and eight thousand, eighty six kobo) paid without paid vouchers stamped "PAID", and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 3: UNAPPROVED VIREMENT (=₦373,484,618.11)

Paragraph 313 of Financial Regulations (FR) 2009 states, "The authority conveyed to the Accountant-General, and to officers controlling votes, by Recurrent Expenditure Warrants is limited to the amounts provided under each sub-head in the Approved Estimates and Supplementary Estimates. No expenditure on any sub-head of the Recurrent Estimates in excess of the provision in the Approved estimates or Supplementary Estimates may be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of an application for supplementary provisions or virement." Also, paragraph 316(iii) of the FR 2009 states "Virement from one Head of Account in the Recurrent Expenditure estimates to another Head of account in Capital Expenditure estimates shall not be allowed and vice versa." Furthermore, paragraph 417 of FR 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." similarly, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because It has been voted."

Audit observed that:

i. The total of ₦373,365,078.11 (Three hundred and seventy three million, three hundred and sixty five thousand, seventy eight naira, eleven kobo) indicated in (ii) - (v) below were paid for purposes other than what they were meant for, in violation of the provisions of extant regulations.
ii. Eleven (11) paid vouchers totaling ₦49,095,647.97 (Forty nine million, ninety five thousand, six hundred and forty seven naira, ninety seven kobo) were paid from overhead expenditure subhead instead of capital expenditure head as they were capital project items.
iii. The sum of ₦41,599,462.70 (Forty one million, five hundred and ninety nine thousand, four hundred and sixty two naira, seventy kobo) was expended from Monitoring and Evaluation subhead for purposes which were not related to it.
iv. The sum of ₦119,842,825.75 (One hundred and nineteen million, eight hundred and forty two thousand, eight hundred and twenty five naira, seventy five kobo) was expended from Research and Development subhead on unrelated items.
v. The sum of ₦162,827,141.69 (One hundred and sixty two million, eight hundred and twenty seven thousand, one hundred and forty one naira, sixty nine kobo) was expended from purchase of security equipment subhead outside what the vote was provided for, and
vi. The Ministry failed to provide approval of the National Assembly for virementsin compliance with Financial Regulations and Fiscal Responsibility Act 2007, for audit verification.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Petroleum Resources.

Risks

i. Misapplication of fund
ii. Breakdown of budgetary control

Management's Response
The payments were not outright virement. However, we are formalizing the documents for the payments after which the Resident Federal Auditor will be notified for vetting.

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the virement of ₦373,484,618.11 (Three hundred and seventy three million, four hundred and eighty four thousand, six hundred and eighteen naira, eleven kobo).
ii. Recover and remit the sum of ₦373,484,618.11 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR), should apply.

ISSUE 4: FAILURE TO CARRY OUT PREPAYMENT AUDIT (=₦66,791,699.75)

Paragraph 1705 of the Financial Regulations (FR) 2009 states "The head of internal Audit Unit in all Ministries/extra-ministries office shall ensure that 100% prepayment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment. Checked and passed vouchers received in the Internal Audit Unit must be promptly dealt with and, under no circumstance, shall a voucher be held in that Unit for more than forty-eight (48) hours." Also, paragraph 1710 of the FR 2009 states "Internal Audit certification on payment vouchers and other accounting books and records examined shall be through the use of Internal Audit Stamps."

Audit observed that:
i. The sum of ₦66,791,699.75 (Sixty six million, seven hundred and ninety one thousand, six hundred and ninety nine naira, seventy five kobo) was paid by the Ministry, and
ii. The payment in (i) above did not pass through prepayment audit, contrary to the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Petroleum Resources.

Risks
i. Duplication of payment.
ii. Diversion of public funds.

Management's Response
"We have given out instructions and is been complied with based on your observation and recommendations."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦66,791,699.75 (Sixty six million, seven hundred and ninety one thousand, six hundred and ninety nine naira, seventy five kobo) paid without prepayment audit.
ii. Recover and remit the sum of ₦66,791,699.75 to the Treasury, and
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: TWO VEHICLES TAKEN AWAY BY A FORMER PERMANENT SECRETARY

Paragraph 160202 of the Public Service Rule (PSR) 2008 states "…No part time Member of the Board shall be allowed to retain official vehicle for use on a permanent basis." Also, paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…"Also, paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;" Furthermore, paragraph 2001 of the Financial Regulations (FR) 2009, states "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of Government vehicles. For this purpose, he will ensure that the following records are maintained: a. Vehicles' control register, b. Requisition/Approval for journey, c. Vehicle Log-Book (Gen. 59), d. Vehicle maintenance register."

Audit observed that:

i. The Ministry allocated two (2) government vehicles (Toyota Prado and Nissan Almera) to the Office of the Permanent Secretary (PS) with registration numbers A18 03 FG and A18 05 FG, chassis numbers JTEBUGFIXHK12000 and MDHBBAN17Z0707, respectively.
ii. The vehicles in (i) above were not returned by the former Permanent Secretary while leaving the Ministry.
iii. The sum of ₦5,343,500.00 (Five million, three hundred and forty three thousand, five hundred naira) was advanced to staff in the Transport Section for servicing of vehicles.
iv. Evidence of retirement of the advance in (iii) above and other records such as vehicle control register, vehicle log-book (Gen 59) and service chart was not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Petroleum Resources.

Risks

i. Loss of Government Asset.
ii. Diversion of Government Asset for private use

Management's Response

The Transport officer has assured the Resident Auditor that, the records/documents will henceforth be maintained and kept properly as prescribed by the extant laws. See attached vehicle control register. The advances of ₦5,343,500 for the servicing of vehicles have been retired by the transport officer. The attention of the Transport Officer was drawn to your observation and they have written to the Head of Service for the retrieval of vehicles.

Recommendations

The Permanent Secretary should be requested to:

i. Recoverthe two (2) vehicles (Toyota Prado and Nissan Almera) with Registration Numbers A18 03 FG and A18 05 FG, Chassis Numbers JTEBUGFIXHK12000 and MDHBBAN17Z0707(2) and forward evidence of recovery to the Public Accounts Committees of the National Assembly.

ii. Recover and remit the sumof ₦5,343,500.00 (Five million, three hundred and forty three thousand, five hundred naira) being advance not retired by staff of the Transport Section of the Ministry to the Treasury.

iii. Forward evidence of remittance of (ii) above to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (FR) 2009 should apply.

FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT

At the Federal Ministry of Labour and Employment, Abuja, the following observations were made:

ISSUE 1: UNACCOUNTED ALLOCATION TO GENEVA LABOUR DESK (=₦351,252,425.00)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in cash books /accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a cheque be raised, or cash paid for service which a voucher has not been raised." Similarly, paragraph 110 of the FR 2009 states "By virtue of the responsibilities and functions of the Accountant General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of' government or units. They shall also be entitled to require and-receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

Audit observed that:

i. The sum of ₦119,000,000.00 (One hundred and nineteen million naira) and ₦232,252,425.00 (Two hundred and thirty two million, two hundred and fifty two thousand, four hundred and twenty five naira) was approved in the budget for the running of Geneva Labour Desk Office in 2019 and 2020, and
ii. The Ministry did not provide documents, files, correspondences, returns, and accounting records relating to the running of Geneva Desk Office and how the total of ₦351,252,425.00 (Three hundred and fifty one million, two hundred and fifty two thousand, four hundred and twenty five naira) in (i) above was expended.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Misappropriation of public funds.
ii. Loss of public funds.
iii. Diversion of public funds.

Management's Response

The Finance and Accounts Department has since forward the auditor's observations to the Geneva Labour Desk through the supervising Director (PMLS). Response from the Genera Desk is being awaited. It should be noted that the Geneva desk has direct budgetary allocation from Federal Ministry of Finance and Consolidated Revenue Fund (CRF).

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum ₦351,252,425.00 (Three hundred and fifty one million, two hundred and fifty two thousand, four hundred and twenty five naira), being unaccounted allocation to Geneva Labour Desk.
ii. Recover and remit to the Treasury, the sum of ₦351,252,425.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009, respectively, should apply.

ISSUE 2: PAYMENTS WITHOUT EVIDENCE OF EXECUTION (=₦226,078,900.00)

Paragraph 603 (i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Also, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦161,881,100.00 (One hundred and sixty six million, eight hundred and eighty one thousand, one hundred naira) was paid to staff of the Ministry for monitoring and inspection of capital projects and updating of fixed assets register in the 6 geopolitical zones.
ii. Additional sum of ₦30,381,600.00 (Thirty million, three hundred and eighty one thousand, six hundred naira) was paid for monitoring and inspection of capital projects in 2020.
iii. The sum of ₦33,816,200.00 (Thirty three million, eight hundred and sixteen thousand, two hundred naira) was paid to officers of the Internal Audit Department for monitoring and inspection of zonal/state labour offices, job centres, capital projects, and skills acquisition centres, and.
iv. Evidence of expenditure for (i) to (iii) above, totaling ₦226,078,900.00 (Two hundred and twenty six million, seventy eight thousand, nine hundred naira), such as specific time lines of visits, scope of work and reports were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Loss of government funds.
ii. Payments for jobs not executed.
iii. Diversion of public funds

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum ₦226,078,900.00 (Two hundred and twenty six million, seventy eight thousand, nine hundred naira) spent on monitoring of projects and programmes without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦226,078,900.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively, specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: UNRETIRED ADVANCES (=₦344,027,307.00)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦653,669,705.00 (Six hundred and fifty three million, six hundred and sixty nine thousand, seven hundred and five naira) was granted as cash advances in 2020.
ii. The sum of ₦309,642,398.00 (Three hundred and nine million, six hundred and forty two thousand, three hundred and ninety eight naira) was retired from the advances in (i) above, leaving the sum of ₦344,027,307.00 (Three hundred and forty four million, twenty seven thousand and three hundred and seven naira) unretired, and
iii. The payments include multiple advances granted to staff when the previous ones had not been retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Loss of government funds.
ii. Diversion of of public funds.
iii. Difficulty in funding budget

Management's Response

As at the time of audit inspection, most of the advances were in the process of being retired. Also multiple Advances were not granted to any staff who had not retired his/her outstanding advances.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦344,027,307.00 (Three hundred and forty four million, twenty seven thousand and three hundred and seven naira), being unretired advances.
ii. Recover and remit to the Treasury, the sum of ₦344,027,307.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to manage public funds effectively and non-retirement of advances and imprest specified in paragraphs 3115 and3124 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: PAYMENT FOR CONSULTANCY SERVICES WITHOUT EXECUTION (=₦7,005,746.51)

Paragraph 603 (i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Also, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Contract for consultancy services was awarded to a Consultant for a review of the National Policy on Occupational Safety and Health for Effective Occupational Safety and Health Management at the cost of ₦8,452,500.00 (Eight million, four hundred and fifty two thousand, five hundred naira). The breakdown of the cost components showed: data collection from the field at ₦4,000,000.00 (Four million naira), production of pamphlets at ₦2,400,000.00 (Two million, four hundred thousand naira), administrative fee at ₦802,500.00, consultancy fees at ₦950,000.00 and production of documents at ₦300,000.00.
ii. The sum of ₦7,005,746.51 (Seven million, five thousand, seven hundred and forty six naira, fifty one kobo) out of the total in (i) above, was paid to the Consultant through paid voucher number EXP/CAP/138 dated 21st May, 2020, and
iii. Evidences of procurement such as quotation from at least three (3) unrelated bidders and expenditures such as deliverables of the contract, receipts, sample copy of pamphlets, Store Receipt Vouchers (SRVs), job completion certificate, etc., were not produce for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Payment for service not rendered.

Management's Response

"The BPP issued a 'No Objection' letter and all the procurement processes as enshrined in the procurement act were strictly adhered to in awarding the consultancy and Following the completion of the job and the subsequent production of the review policy with supervision of the user department and provision of all the necessary documentary evidence of job completion, the consultant was paid. All the receipts, invoices, SRV and list of participants are available for audit verification. The draft policy on occupational safety and health produced by the consultant is available for audit examination."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,005,746.51 (Seven million, five thousand, seven hundred and forty six naira, fifty one kobo) paid for consultancy services without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦7,005,746.51.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and failure to manage public funds effectively, specified in paragraphs 3104 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: IRREGULAR PROCUREMENT OF VEHICLES (=₦47,400,000.00)

Paragraph 2921(i) of the Financial Regulations (FR) 2009, states "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all contractor/suppliers shall be subjected to the same level playing ground. The format for submission of bids, the deadline for submission and the pre-determined criteria for evaluation shall not vary from one contractor/supplier to the other; they shall be the same.'' Also, paragraph 2918 of the FR 2009 states "Subject to regulations which may from time to time be prescribed by the Bureau for Public Procurements, the Procurement Planning Committee shall perform the following duties, (a) preparing the needs assessment and evaluation; (b) identifying the goods, works and service required; (c) Carrying out appropriate market and statistical surveys and on that basis, prepare analyses of the cost implications etc."

Audit observed that:

i. The sum of ₦41,469,488.35 (Forty one million, four hundred and sixty nine thousand, four hundred and eighty eight naira, thirty five kobo), net of taxes, was paid to a company through paid voucher number EXP/CAP./48/2020 dated 15th May, 2020, for the supply of 2 Nos. Buses.
ii. The Needs Assessment Report and evidence of procurement due process such as competitive tendering were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Payment for goods not supplied.
ii. Diversion of of public funds.
iii. Loss of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦41,469,488.35 (Forty one million, four hundred and sixty nine thousand, four hundred and eighty eight naira, thirty five kobo), for irregular procurement of vehicles.
ii. Recover and remit to the Treasury, the sum of ₦41,469,488.35.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to payment for job not executed and failure to manage public funds effectively, specified in paragraphs 3104 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 6: CONTRACT VARIATIONS WITHOUT APPROVAL (=₦15,502,677.07)

Paragraph 2 of the Establishment Circular with Reference No: SGF/OP/I/S.3/VIII/124 dated 25th August 2009 states "…all contracts which require variations are to be submitted to the Bureau of Public Procurement for review and issuance of necessary Due Process Certificate of "No Objection" to facilitate their approvals by the appropriate Tenders Board depending on their Revised Estimated Costs." Also, paragraph 2921(i) of the Financial Regulations (FR), 2009 states "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all contractor/suppliers shall be subjected to the same level playing ground. The format for submission of bids, the deadline for submission and the pre-determined criteria for evaluation shall not vary from one contractor/supplier to the other; they shall be the same".Furthermore, paragraph 2918 of FR (2009) states "Subject to regulations which may from time to time be prescribed by the Bureau for Public Procurements, the Procurement Planning Committee shall perform the following duties, (a) preparing the needs assessment and evaluation; (b)) identifying the goods, works and service required; (c) Carrying out appropriate market and statistical surveys and on that basis, prepare analyses of the cost implications etc.

Audit observed that:

i. Contracts for the upgrading of Skills Vocational and Training Centres in Warri, Calabar, Lagos and Ibadan awarded to Contractors in December, 2020, based on bids and quotations submitted.
ii. The Procurement Department issued another letters to the contractors, barely two (2) to three (3) weeks after signing contract agreements for the initial awards, that approval had been granted for the issuance of a revised schedule of requirement to enable the companies execute and conclude the contract.
iii. The revised schedules were inflated and in some cases, especially for the capital items, the quantities to be supplied were reduced to accommodate the inflated prices.
iv. The revised schedule made the government to lose a total of ₦15,502,677.07 (Fifteen million five hundred and two thousand, six hundred and seventy seven naira, seven kobo).
v. Evidence of justification for the variation in prices and quantities such as applications by the contractors, appropriateapprovalsfrom the initial approving authority who approved the original contracts, reports of market survey to support the prices reviewed, and Need-Assessment Report to justify that these items and the quantities were actually neededwere not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Loss of public funds
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Vice Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦15,502,677.07 (Fifteen million five hundred and two thousand, six hundred and seventy seven naira, seven kobo) being irregular variations in contract.
ii. Recover and remit to the Treasury, the sum of ₦15,502,677.07.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and unauthorized variation prescribed in paragraphs 3106, 3115 and 3103 of the Financial Regulations respectively, should apply.

ISSUE 7: ABUSE OF CASH ADVANCE (=₦ 338,761,047.00)

Paragraph1402(iii) of the Financial Regulations (FR) 2009, states "In the disbursement of funds for Non-Personal Advance for project/ Special Programmes, the leader of the project/special programmes shall be the Accounting Officer and shall approve all payments, while an Accountant of an appropriate grade shall be attached to each project/special programmes and have responsibility for the disbursements as well as retirements of the Non-Personal Advances." Paragraph 112(i) of the FR 2009 states "The functions of the Accounting Officer shall include: …(b) ensuring that the essential management control tools are put in place to minimize waste and fraud;…" In addition, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Similarly, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The sum of ₦338,761,047.00 (Three hundred and thirty eight million, seven hundred and sixty one thousand, forty seven naira) paid to nine(9) Project Accountants in 2020.
ii. The Project Accountants failed to maintain proper books of accounts to record the receipts and disbursement and balances from the funds.
iii. The Project Accountants made disbursements from these funds without without recourse to provisions of extant regulations, and
iv. Relevant supporting documents such as detailed of the projects and work plans, advance vouchers for disbursements, reports of the various programmes, invoices and receipts, and where they exist, cash receipts were not dated, and acknowledgement for honorarium were not dated and endorsed by one person.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Loss of public funds.
ii. Misappropriation of public funds.
iii. Diversion of public funds.

Management's Response

"FUND is not over concentrated in the hands of project Accountant, Project Accountant was appointed for each department in accordance with financial regulation 1402. All the necessary books kept by the project Accountant are available for Audit inspection. All evidences of retirement of the advances are all available for audit inspection. The sum of ₦338,761,047.00 was expended by the user department and was duly accounted and the Reports of the various programmes executed by the departments of the Ministry are available for audit examination. Since the sum were duly accounted for there is no need for any recovery."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦338,761,047.00 (Three hundred and thirty eight million, seven hundred and sixty one thousand, forty seven naira), being non-cashadvances paid to nine (9) Project Accountants which were abused.
ii. Recover and remit to the Treasury, the sum of ₦338,761,047.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances and gross misconduct, prescribed in paragraphs 3106, 3115, 3124 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 8: PAYMENTS FOR NON-EXISTENT JOB CENTRES (=₦497,298,702.39)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦261,502,802.54 (Two hundred and twenty one million, five hundred and two thousand, eight hundred and two naira, fifty four kobo) was paid in 2018 to fifty four (54) contractors for the renovation of Job Centres in Geo-Political Zones of the Federation.
ii. The sum of ₦209,267,695.26 (Two hundred and nine million, two hundred and sixty seven thousand, six hundred and ninety five naira, twenty six kobo) was also paid in 2019 to thirty two (32) contractors for renovation of Job Centres across the Federation.
iii. The sum of ₦26,528,204.59 (Twenty six million, five hundred and twenty eight thousand, two hundred and four naira, fifty nine kobo) was further paid in 2020 to four (4) contractors for the renovation of Akwa-Ibom, Kaduna, Kano and Sokoto Job Centres.
iv. The amount paid to the contractors for the renovation of Job Centres between 2018 and 2020 totaled ₦497,298,702.39 (Four hundred and ninety seven million, two hundred and ninety eight thousand seven hundred and two naira, thirty nine kobo).
v. Records such as Schedule of Assets, Fixed Asset Register to support the existence of the Job Centres and supporting documents such as Job completion Certificates, photographs before and after the renovation, reports, etc, to support the expenditure of ₦497,298,702.39 were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response

Payment for the job centres is not fictitious. There are Job completion certificates, approval for payment by the relevant authorities and other prerequisite documents were made available before payments are effected. The auditor can undertake a physical inspection of the sites with the relevant department to ascertain the true position of the centres. Paid vouchers for all the job centres are available for audit examination, hence payment are not fraudulent

Recommendations

The Permanent Secretary should be requested to:

i. Accountto the Public Accounts Committees of the National Assembly for the sum of ₦497,298,702.39 (Four hundred and ninety seven million, two hundred and ninety eight thousand seven hundred and two naira, thirty nine kobo), being payment for renovation of non-existent Job Centres.
ii. Recover and remit to the Treasury, the sum of ₦497,298,702.39.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed, irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3104, 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 9: PAYMENT FOR EQUIPMENT NOT SUPPLIED (=₦46,353,415.00)

Paragraph 603(1) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Also, section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding."

Audit observed that:

i. Contract for for the procurement of equipment for the specialist skill acquisition centres at Alor, Idemili North L.G.A and Ifitedunu, Dunukofia L.G.A, Anambra State was awarded on 19th October, 2018, through an award letter number ML/AD/PROC/CAL /18/152/1/14, with a completion period of 4 weeks.

ii. The sum of ₦46,353,415.50 (Forty six million, three hundred and fifty three thousand, four hundred and fifteen thousand naira, fifty kobo) was paid to the contractor through payment voucher number EXP/CAP/019/2020 of 2nd November, 2020.
iii. The existence of the items could not be verified despite the presence of records such as Store Receipt Vouchers (SRV) and Job Completion Certificate issued in December, 2019 by the Ministry.
iv. Evidence of procurement due process and contractors eligibility for the contract award such as open competitive bidding, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, etc, were not produced for scrutiny, and
v. Efforts made by Audit to carry out physical inspection of the items supplied was unsuccessful as the team was told that the items supplied were packed at the Minister's private residence and therefore, not accessible.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response

SRV, stock verifier job completion issued in respect of items is available for audit examination. The tender and biding documents are available for audit inspection. GFMIS Printout of evidence remittance of stamp duty, VAT and WHT is available for audit examination. The report of the team from headquarters that received the items is ready for audit inspection. The item supplied is ready for audit inspection in the skill centre at Alor.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦46,353,415.50 (Forty six million, three hundred and fifty three thousand, four hundred and fifteen thousand naira, fifty kobo), being payment for equipment not supplied.
ii. Recover and remit to the Treasury, the sum of ₦46,353,415.50.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to payment for job not executed, irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3104, 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 10: PAYMENT FOR SPECIALIST SKILL ACQUISITION EQUIPMENT WITHOUT SUPPLY (=₦41,224,455.00)

Paragraph 603(1) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be

supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Also, section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding."

Audit observed that:

i. Contract for the procurement of Equipment for the Specialist Skill Acquisition Centre was awarded for ₦41,224,455.00 (Forty one million, two hundred and twenty four thousand, four hundred and fifty five naira).
ii. The sum of ₦11,610,094.04 (net of taxes) was paid to the contractor on the 21st of December, 2020 vide payment voucher number ML/EXP/CAP/117/2020.
vi. Evidence of procurement due process and contractors eligibility for the contract award such as open competitive bidding, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, etc, were not produced for scrutiny.
vii. The Ministry did not provide Store Receipt Vouchers (SRV) to show that the items were actually received, and
viii. Efforts made by Audit to carry out physical inspection of the items supplied was unsuccessful as the team was told that the items supplied were packed at the Minister's private residence and therefore, not accessible.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response

The said item are supplied and is available for physical audit inspection at the skill centre. Since the items were supplied there is no need for recovery of the contract amount. There was no recovery, hence no evidence of recovery. Evidence of stamp duty, VAT and WHT deduction in respect of the contract is ready for audit inspection.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦41,224,455.00 (Forty one million, two hundred and twenty four thousand, four hundred and fifty five naira) being payment for equipment not supplied.
ii. Recover and remit to the Treasury, the sum of ₦41,224,455.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed, irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3104, 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 11: EXTRA-BUDGETARY SPENDING ON ACQUISITION OF TWO UTILITY VEHICLES (=₦49,000,000.00)

Paragraph 2906 (ii) of the Financial Regulations (FR) 2009 states "Pursuant to sub-section (i) above, all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. In other words payments that are not provided for in the annual estimates shall not be accepted". Furthermore, paragraph 417 of the FR states "Expenditure shall strictly be classified in accordance with the estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. Contract for the supply of two (2) Nos. Pick - Up Utility Vehicle was awarded to a company for ₦49,000,000.00 (Forty nine million naira) and paid through two (2) paid vouchers Nos EXP/CAP/015/2020 and EXP/CAP/189/2020 of 16th March, 2020 and 3rd June, 2020, respectively.
ii. Request by the Ministry to the Bureau for Public Procurement (BPP) for Due Process Certificate of "No Objection" for restrictive tendering was rejected. Instead, the BPP directed the Ministry to invite a minimum of three (3) responsive Local Manufacturers/Assemblers of vehicles in Nigeria from the list of Assemblers in the National Automotive Design and Development Council (NADDC).
iii. The Ministry failed to adhere to the directive of the BPP by soliciting for three (3) quotations, and
ix. Evidence of budgetary provision for the contract in the 2019 Appropriation, procurement due process and Contractor's eligibility for the contract award such as open competitive bidding, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, etc, were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦49,000,000.00 (Forty nine million naira) for two (2) nos. Pick-Up Utility Vehicle not appropriated for.
ii. Recover and remit to the Treasury, the sum of ₦49,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 11: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦32,209,500.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Furthermore, paragraph 2302 (ii) of the FR 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦32,209,500.00 (Thirty two million, two hundred and nine thousand, five hundred naira) was granted as cash advances to officers of the Ministry for the procurement of stores and services.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the Ministry resulted in the loss of ₦4,348,282.50 (Four million, three hundred and forty eight thousand, two hundred and eighty two naira, fifty kobo) that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding government budget.

Management's Response

There was an emergency procurement during COVID 19. However, procurement procedures were followed as per the Procurement Act. The auditor should liaise with the Procurement Department for further information and clarifications and sighting of procurement documents.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦4,348,282.50 (Four million, three hundred and forty eight thousand, two hundred and eighty two naira, fifty kobo) to staff as cash advance above the approved threshold.
ii. Recover and remit the sum ₦4,348,282.50 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 12: IRREGULAR PAYMENTS FOR REVENUE MONITORING WITHOUT VISIBLE IMPACT (=₦58,217,100.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted". Furthermore, paragraph 112(i) of the FR 2009 states "The functions of the Accounting Officer shall include: …(g) ensuring prudence in the expenditure of public funds; (h) ensuring proper assessments, fees, rates and charges are made where necessary; (i) ensuring internal guides, rules, regulations, procedures are adequately provided for the security and effective check on the assessment, collection and accounting for revenue;…" Similarly, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The Ministry spent a total ₦58,217,100.00 (Fifty eight million, two hundred and seventeen thousand, one hundred naira) on Revenue Monitoring visits despite low revenue generation by the Ministry.
ii. The payment in (i) was not commensurate with the revenue generated by the Ministry and the impact of the expenditure was not visible, and
iii. Evidence of the monitoring exercise such as reports, scope of monitoring, etc. were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Loss of public funds

Management's Response

i. The detail report of revenue monitoring carried out by the ministry is available for audit examination. The ministry carried out the monitoring as part of the mandate of the relevant Department to collect data for revenue reporting and accounting.
ii. There are is list of companies indebted to the ministry also the exercises help to improve and strengthen revenue generation of the ministry despite COVID 19 pandemic.
iii. There are no dormant Revenue heads in the state as all ready Revenue heads had revenue collected.
iv. The impact assessment is contained in the detail revenue monitoring report with the state visited"

Recommendations.

The Permanent Secretary should be requested to:

i. Recover and remit to the Treasury, the sum of ₦58,217,100.00 (Fifty eight million, two hundred and seventeen thousand, one hundred naira) spent for monitoring exercise without evidence of expenditure and impact on the revenue generated.
ii. Forwardevidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 13: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦235,920,179.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦98,608,979.80 (Ninety eight million, six hundred and eight thousand, nine hundred and seventy nine naira, eighty kobo) was paid through thirty five (35) paid vouchers without adequate supporting documents.
ii. The sum of ₦29,397,400.00 (Twenty nine million, three hundred and ninety seven thousand, four hundred naira) was paid through eight (8) paid vouchers in respect of National Employment Council Meeting without adequate supporting documents such as Programme of events, list of representatives from the MDAs, NGOs, Organized Labour and other Agencies.
iii. The sum of ₦18,000,000.00 (Eighteen million naira) was also paid for sensitization and advocacy on the "ills of irregular migration" by the Honourable Minister and his aides to South-East, without adequate supporting documents.
iv. The sum of ₦20,964,000.00 (Twenty million, nine hundred and sixty four thousand naira) was further paid through five (5) paid vouchers for monitoring and licensing private employment agencies without adequate supporting documents such as list of the private employment agencies visited, showing names, addresses, location and date of visit.
v. Another payment of ₦14,920,000.00 (Fourteen million, nine hundred and twenty thousand naira) was made to two (2) officers for training on recruiters' license without supporting documents such as dates of the events, specific venues for the events, details of the representatives of the private employment agencies invited, invitation letters sent to the facilitators, names and profiles of the facilitators, pro-forma invoices for rental of hall, etc.

vi. The sum of ₦15,505,000.00 (Fifteen million, five hundred and five thousand naira) was in addition, paid to three (3) contractors for International Labour Organization standards training for labour officers without adequate supporting documents such as details of the resource persons, pro-forma invoices, receipts, etc.

vii. The sum of ₦28,656,800.00 (Twenty eight million, six hundred and fifty six thousand, eight hundred naira) was also paid to fourteen (14) officers for various purposes relating to Cooperative Societies including co-operative project monitoring, inspection and supervision, promoting and forming new cooperative societies for job creation, monitoring, inspection and supervision of cooperative societies without adequate supporting documents such as the names of the cooperative societies visited, copies of letters of notification to the cooperative societies, etc.

viii. A further payment of ₦9,868,000.00 (Nine million, eight hundred and sixty eight thousand naira) was made to an officer of the Ministry with two (2) paid vouchers without evidence such as proposal showing dates, team list, programmes' reports, etc, and

ix. Altogether, the total of ₦235,920,179.00 (Two hundred and thirty five million, nine hundred and twenty thousand, one hundred and seventy nine naira) was paid without relevant supporting documents as indicated in (i) to (viii) above.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

"The documents are available for audit inspection."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦235,920,179.00 (Two hundred and thirty five million, nine hundred and twenty thousand, one hundred and seventy nine naira) being payments without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦235,920,179.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 14: PAYMENT FOR CONSULTANCY SERVICE WITHOUT EVIDENCE OF WORK DONE (=₦47,734,806.98)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such

as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦47,734,806.98 (Forty seven million, seven hundred and thirty four, eight hundred and six naira, ninety eight kobo) was paid to a Consultant through paid voucher number EXP/CAP/209/2020 of 23rd July, 2020 for consultancy services on Statutory Enforcement of Factories Acts and its Subsidiary Legislations in Nigeria.
ii. The contract included ₦2,000,000.00 (Two million naira) for hiring of Hall, ₦2,500,000.00 (Two million, five hundred thousand naira) for transportation of stakeholders and resource persons, ₦1,200,000.00 (One million, two hundred thousand naira) for hotel accommodation of stakeholders and resource persons, ₦15,050,000.00 (Fifteen million, fifty thousand naira) for refreshment (tea break and lunch), ₦5,500,000.00 (Five million, five hundred thousand naira only) for the remuneration of resource persons, ₦25,200,000.00 (Twenty five million, two hundred thousand naira only) for Training/workshop materials, ₦950,000.00 (Nine hundred and fifty thousand naira) for logistics and ₦450,000.00 (Four hundred and fifty thousand naira) for provision of security.
iii. Evidence of procurement due process and Contractor's eligibility for the contract award such as open competitive bidding, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, etc, were not produced for scrutiny, and
iv. Relevant reports as required by Occupational Safety and Health (OSH) Department, and supporting documents such as receipts, invoices, names of participants, names of resource persons, Job completion certificates, etc, were not produced for audit.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Payment for work not done.
ii. Diversion of public fund.

Management's Response

The consultant carried out the job with the user department supervising and all evidence that the work was done is in the file and available for audit inspection. The consultant began earlier due to consultations with stakeholders and social partners required input in the draft. Copies of the draft final report are available for audit verification.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National assembly, the sum of ₦47,734,806.98 (Forty seven million, seven hundred and thirty four thousand, eight hundred and six naira, ninety eight kobo) paid for consultancy services without evidence of work done.

ii. Recover and remit to the Treasury, the sum of ₦47,734,806.98.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 15: IRREGULAR PAYMENT FOR IPSAS IMPLEMENTATION CONSULTANCY SERVICE (=₦30,998,511.63)

Paragraph 603(1) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Also, section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding."

Audit observed that:
i. Consultancy contract for the implementation of the International Public Sector Accounting Standards (IPSAS) inclusive of Assets/Liabilities management in Zonal Office, State/FCT and Job centres was awarded at ₦30,998,511.63 (Thirty million, nine hundred and ninety eight thousand, five hundred and eleven naira, sixty three kobo) and paid through paid voucher number EXP/CAP/44 of 14th May, 2020.
ii. Evidence of procurement due process and consultants eligibility for the contract award such as open competitive bidding, contract agreement, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, etc, were not produced for scrutiny, and
iii. Documentary evidence by the Consultant provided the service such as Certificate of Job completion, group photograph, SRV, invoices, attendance register, etc were not produced for audit.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks
i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response
The user department provided the contractor with the terms of reference, copy available for audit sighting. The evidence of bids that was received from unrelated bidders is in the file and available for audit verification. The evidence of the job carried out is available for audit

inspection. All receipts, invoices, SRV and list of participant is available for audit verification. The evidence that the consultancy executed the project is available for audit inspection.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦30,998,511.63 (Thirty million, nine hundred and ninety eight thousand, five hundred and eleven naira, sixty three kobo) for the contract not executed.
ii. Recover and remit to Treasury, the sum of ₦30,998,511.63.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed, irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3104, 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 16: IRREGULAR PAYMENT FOR TRAINING AND EMPOWERMENT OF YOUTHS ON SNAIL FARMING (=₦19,814,949.00)

Paragraph 603(1) of the Financial Regulations (FR) 2009 states “All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc.” Furthermore, paragraph 708 of the FR 2009 states “On no account should payment be made for services not yet performed or for goods not yet supplied.” Also, section 24(1) of the Public Procurement Act (PPA) 2007 states “Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding.”

Audit observed that:

i. The sum of ₦19,814,949.00 (Nineteen million, eight hundred and fourteen thousand, nine hundred and forty nine naira) was paid to a Consultant through paid voucher number EXP/CAP/164/2020 of 10th February, 2021, for training and empowerment of Youths on Snail Farming.
ii. The sum of ₦17,700,000.00 (Seventeen million, seven hundred thousand naira) in (i) above was paid to six (6) Consultants including a Team Leader.
iii. Documentary evidence such as receipts, Store Receipt Vouchers (SRV)for re-reimbursable component of the expenditure amounting to ₦5,264,000.00 (Five million, two hundred and sixty four thousand) were not provided, and
iv. Evidence of procurement due process and consultants’ eligibility for the contract award such as open competitive bidding, contract agreement, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, certificate of Job completion, group photograph, invoices, names of participants from each community, etc, were not produced for audit.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response

The basic documents with profile showing eligibility of the contractor and other documents in respect of the contractor are in the project file. All the receipts, invoices, SRV, and list of participant are available for audit examination. The evidence that the consultancy was executed is available for audit inspection. The fund cannot be recovered since the Job was actually carried out.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦19,814,949.00 (Nineteen million, eight hundred and fourteen thousand, nine hundred and forty nine naira), being irregular payment for training and empowerment of youths on snail farming.
ii. Recover and remit to the Treasury, the sum of ₦19,814,949.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed, irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3104, 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 17: PAYMENT FOR SERVICES NOT RENDERED (=₦28,485,000.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.

Audit observed that:

i. The sum of ₦28,485,000.00 (Twenty eight million, four hundred and eighty five thousand naira) was paid to a Consultant through paid voucher number EXP/CAP/217/2020 of 23rd July, 2020 for the Development of Common & Harmonized National Social Security Scheme in Nigeria and implementation of Social Security Retirement Benefits, Collection and Analysis of Data in both Formal and Informal Sectors.
ii. The breakdown of the quotation made available, amounting to ₦28,485,000.00 as shown in the Table below, and

S/N	Item	Amount (₦)
1	Hiring of Hall	1,720,000.00
2	Transportation	925,000.00
3	Hotel accommodation	1,250,000.00
4	Refreshment (Tea break/Lunch)	7,680,000.00
5	Remuneration for Resource persons	2,500,000.00
6	Training/workshop materials	11,650,000.00
7	Logistics	700,000.00
8	Provision of security	60,000.00
9	Preliminaries	1,000,000.00
10	Allowance for Monitoring, Evaluation and Admin charges	1,000,000.00
	Total	**28,485,000.00**

iii. Evidence of procurement due process and consultants' eligibility for the contract award such as open competitive bidding, contract agreement, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, certificate of Job completion, group photograph, invoices, attendance register, etc, were not produced for audit.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Payment for service not rendered.
ii. Diversion of government fund.

Management's Response

The consultancy service for the program was award in accordance with BPP process, and was issued a 'No Objection' for the selective tendering. All the relevant bidding and award process documents are in the file and ready for audit verification. The expenditure was duly carried out in accordance with rules with documentary evidence available for audit inspection. All the receipts, invoices, SRV and list of participants are available for audit examination. The fund was utilized for the project.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦28,485,000.00 (Twenty eight million, four hundred and eighty five thousand naira), being irregular payment for training and empowerment of youths on snail farming.
ii. Recover and remit to the Treasury, the sum of ₦28,485,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed, irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3104, 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 18: PAYMENTS FOR NON-EXISTENT CONTRACTS IN ANAMBRA STATE (=₦83,955,484.99)

Paragraph 603(1) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."
Audit observed that:

i. The sum of ₦83,955,484.99 (Eighty three million, nine hundred and fifty five thousand, four hundred and eighty four naira, ninety nine kobo) was paid for the projects listed in the Table below, and

S/N	PROJECT	CONTRACT SUM (₦)	NET SUM (₦)
1	Fencing of specialist Skill acquisition Centre at Awka, Awka-South LGA, Anambra State.	46,800,180.00	40,482,155.7
2	Construction of Borehole at Skill acquisition Centre, Awka, Awka-South LGA, Anambra state.	9,767,900.00	8,545,776.73
3	Construction of Generator house and procurement and installation of Generator set at skill acquisition centre, Awka, Awka – south LGA, Anambra state.	8,854,637.92	7,746,778.50
4	Construction of Generator house and procurement and installation of Generator set at skills acquisition centre, correctional centre (Prison), Onitsha, Anambra state.	8,791,767.07	7,691,773.90
5	Construction of solar powered borehole at skill acquisition centre, Bison, Onitsha, Anambra State.	9,741,000.00	8,522,242.33
	TOTAL	**83,955,484.99**	**72,988,727.16**

ii. Efforts to carry out physical inspection of the projects were unsuccessful as the Officers at the state office were unable to provide details of the location of the project sites and other relevant information pertaining to the execution of these projects.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response

There is BPP 'No Objection' issued ref. BPP/S.1/CID/Vol.I/358 dated 6th July, 2020 approving selective tendering method for award of the contract. There is evidence of solicitation documents and other relevant document to show that the job was done with the job completion certificate all available for audit inspection. No recovery of fund can be made since the job has been completed.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦83,955,484.99 (Eighty three million, nine hundred and fifty five thousand, four hundred and eighty four naira, ninety nine kobo) paid for services not rendered.
ii. Recover and remit to the Treasury, the sum of ₦83,955,484.99.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to payment for job not executed, irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3104, 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 19: PAYMENT WITHOUT SUPPORTING DOCUMENTS (=₦23,538,976.74)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦23,538,976.74 (Twenty three million, five hundred and thirty eight thousand, nine hundred and seventy six naira, seventy four kobo), net of taxes, was paid to a contractor through voucher number EXP/CAP/168/2020 of 29th May, 2020 for the formulation and production of National Policy on Skills Development for the Ministry, and
ii. Relevant supporting documents such as bid records, receipts, reports, certificate of job completion, etc, were not attached to the payment voucher to substantiate the claims.

These anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response

Evidence of bids obtained from 3 unrelated bidders is contain in the file is available for audit verification. The user department in supervising the consultant, the deliverables for the measuring the performance of the consultant and ensured that the produced national policy on skill development was in tune with this administration agenda. All the expenditure incurred are all accounted for and the receipts are available for audit examination.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦23,538,976.74 (Twenty three million, five hundred and thirty eight thousand, nine hundred and seventy six naira, seventy four kobo) being payment without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦23,538,976.74.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 20: IRREGULARITIES IN CONTRACT EXECUTION (=₦63,110,576.20)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. Three (3) contracts totaling ₦63,110,576.20 (Sixty three million, one hundred and ten thousand, five hundred and seventy six naira, twenty kobo) were awarded for fencing, construction of borehole, generator house and procurement/installation of generator set at Specialist Acquisition Center, Neni Aniocha LGA, Anambra State.
ii. The first contract was awarded for the fencing of the Center at a contract sum of ₦44,859,759.00, the second contract was awarded for the construction of borehole at a contract sum of ₦9,534,700.00, while the third contract was awarded for construction of generator house and procurement/installation of generator set at a contract sum of ₦8,716,117.20.
iii. The sum of ₦4,926,250.00 (Four million, nine hundred and twenty six thousand, two hundred and fifty naira) paid to the contractors as provision for additional foundation, contingency and drainages and culvert could not be accounted for, and
iv. Evidence of contract execution, such as functional borehole at the Centre and the generator set was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of government fund.
ii. Payment for job not executed.

Management's Response

All the cost inputted in the BOQ are duly accounted for, and the job were carried out according to specification with the user department supervising and issuing job completion certificate at the completion of all required job. The contractor has completed all the job and has been duly paid. The contractor has since supplied and installed the generator set.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦63,110,576.20 (Sixty three million, one hundred and ten thousand, five hundred and seventy six naira, twenty kobo) being irregular payments for contract execution.
ii. Recover and remit to Treasury, the sum of ₦63,110,576.20.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to payment for job not executed and irregular payment specified in paragraph 3104(iii) and 3106 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 21: IRREGULARITIES IN CONTRACT EXECUTION AND PAYMENT (=₦57,054,396.28)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Contract for the Construction and Equipping of Skills Acquisition and Vocational Centre in Effurun, Uwvie LGA, Delta State, was awarded at a contract sum of ₦57,054,396.28 (Fifty seven million, fifty four thousand, three hundred and ninety six naira, twenty eight kobo).
ii. The contract in (i) above was for the Construction and Equipping of Skill Acquisition Centres in Akure, Ondo State and Effurun, Uvwie LGA, Delta State. However, only a Bungalow of four (4) rooms and two (2) offices for the Principal was constructed in Effurun, Uwvie LGA, Delta state, at the contract sum of ₦57,054,396.28.
iii. A similar contract was awarded to another contractor at the sum of ₦57,309,910.88 (Fifty seven million, three hundred and nine thousand, nine hundred and ten naira, eighty eight kobo) for the construction and equipping of Skills acquisition and vocational centres in Akure, Ondo state and Effurun, Uwvie LGA Delta State. This constituted duplication of contract, and
iv. Items totaling ₦18,062,555.00 (Eighteen million, sixty two thousand, five hundred and fifty five naira) providedin the Bill of Quantity were not constructed/procured at the time of audit as shown in the Table below.

S/N	ITEMS	AMOUNT (₦)
1	Fence and gate	2,618,716.00
2	Plant and equipment	600,000.00

S/N	ITEMS	AMOUNT (₦)
3	Furniture and equipment (general fixtures/furnishing, loose furniture and fitting)	9,253,000.00
4	Drives and parking (interlocking brick/ block roads/pavings	1,940,264.00
5	Landscaping (excavating and filling)	60,575.00
6	Storm water drainage	280,000.00
7	Air conditioning installation - free standing AC	920,000.00
8	Windows	1,695,000.00
9	Swing doors	195,000.00
10	General Contingencies	500,000.00
	Total	**18,062,555.00**

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Payment for job not executed.
ii. Diversion of government fund.

Management's Response

The letter of award advice the contractor to liaise with the Department of Skill Development and Certificate (SDC) for clarification on the scope of work. This implies that SDC which is the user Department will provide the detailed scope of work explanation and supervision of the project. The details of scope of work are available for audit verification. All the items in BOQ have been provided by the contractor and is ready for audit inspection. The toilet fittings highlighted in BOQ have been replaced and is ready for audit inspection. The general contingency for unforeseen additional works is accounted for and the supporting document in respect of the works is available for audit inspection.

Risks

i. Payment for job not done.
ii. Misappropriation of public funds.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦57,054,396.28 (Fifty seven million, fifty four thousand, three hundred and ninety six naira, twenty eight kobo) being irregular contract award and execution.
ii. Recover and remit to the Treasury, the sum of ₦57,054,396.28.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed specified in paragraph 3104(iii) of the Financial Regulations 2009 should apply.

ISSUE 22: PAYMENT FOR JOBS NOT EXECUTED (=₦178,169,767.10)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Four (4) contracts totaling ₦178,169,767.10 (One hundred and seventy eight million, one hundred and sixty nine thousand, seven hundred and sixty seven naira, ten kobo) were awarded for the construction of Skill Acquisition Center at IfitedunuDunukofia, Anambra State.

ii. The contracts in (i) above, were awarded as follows:

S/N	Description	Amount (₦)
1	Contract for the construction of one storey building	92,131,651.00
2	Contract for the fencing and landscaping	66,370,248.00
3	Contract for the construction of solar powered borehole	9,836,800.00
4	Contract for the construction of generator house and procurement and installation of power generating set	9,831,068.10
	Total	**178,169,767.10**

iii. In the Contract for construction of one storey building, provision was made for the construction of a borehole in the Bill of Engineering Measurement and Evaluation (BEME) while a separate contract was awarded for the construction of a solar- powered borehole.

iv. In the contract for fencing and landscaping, the BEME included an amount of ₦6,362,000.00 for drainage and culvert without evidence of execution during the time of audit visit, and

v. In the Contract for the construction of generator house and procurement and installation of power generating set, the generator house was built, but there was no evidence that the Power Generating set had been procured and installed.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Duplication of contracts.
ii. Payment for job not executed.

Management's Response

The contract for equipping of the skill acquisition centres awarded under the 2018 capital budget did not include the provision of boreholes and generator sets due to paucity of fund. The SDC recommended among other projects the construction of borehole, on this basis of the recommendation and approval of the projects that the procurements were processed and the subsequent award of the contract. 2. The amount paid the contractor has been fully utilized. 3. The contract was awarded and the contract has since delivered.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦178,169,767.10 (One hundred and seventy eight million, one hundred and sixty nine thousand, seven hundred and sixty seven naira, ten kobo) being payment for job not executed.
ii. Recover and remit to the Treasury, the sum of ₦178,169,767.10.
iii. Forward evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed specified in paragraph 3104 (iii) of the Financial Regulations 2009 should apply.

ISSUE 23: UNSUBSTANTIATED CONTRACT AWARD AND EXECUTION (=₦67,937,050.00)

Section 20(2) of the Public Procurement Act 2007 states "The accounting officer of every procuring entity shall have overallresponsibility for the planning of, organization of tenders, evaluation of tendersand execution of all procurements and in particular shall be responsible for: (a) ensuring compliance with the provisions of this Act by his entity andliable in person for the breach or contravention of thisAct or any regulation madehereunder whether or not the act or omission was carried out by him personally orany of his subordinates and it shall not be material that he had delegated anyfunction duty or power to any person or group of persons;…" Also, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Three (3) contracts totaling ₦150,843,705.31 (One hundred and fifty million, eight hundred and forty three thousand, seven hundred and five naira) were awarded for the construction, fencing and landscaping and equipping of Bungalow Skill Acquisition Centre, at Owowo, Igalamela, Odolu LGA, Kogi as shown in the Table below:

S/N	Description	Amount (₦)
1	Contract for the construction of one Bungalow	60,181,382.31
2	Contract for the fencing and landscaping	52,898,423.00
3	Contract for equipping the bungalow	37,763,900.00
	Total	**150,843,705.31**

ii. The Bill of Quantities (BoQ) of the contract for the construction of one bungalow includedcost of project administration and additional foundation worktotaling ₦1,500,000.00 (One million, five hundred thousand naira). Relevant documents to support these expenditures such as receipts, invoices, and approvals were not provided for audit.
iii. The contract for the fencing and landscaping included the construction of perimeter fence and gates, landscaping and drainages, gate house and borehole and overhead Tank.

iv. The contractor only constructed the Perimeter Fence and Gate house. There was no evidence that the components in the Table below were executed:

S/N	Description	Amount (₦)
1	Stone/Concrete/Brick Kerbs/Edging/ channels	7,161,300.00
2	Drainages and works generally	1,880,550.00
3	Storm water drain	916,800.00
4	Borehole and associated works	5,770,000.00
5	Water Storage Tank	5,635,000.00
6	Electrification and Generating set (low tension supply)	2,309,500.00
	TOTAL	**23,673,150.00**

v. The Bill of Quantities (BoQ) of the contract in (iv) above included Contingency sum, Client's project administration and monitoring, and Consultant's post Contract/supervision service amounting to ₦5,000,000.00 (Five million naira). The relevant documents to support these expenditures such as receipts, invoices, and approvalswere not provided for audit.

vi. The sum of ₦37,763,900.00 (Thirty seven million, seven hundred and sixty three thousand, nine hundred naira) was paid to the contractor for the equipping of Skills Acquisition Centre via payment voucher number EXP/CAP/162/2019 dated 17th of December, 2019. Therewas no evidence of supply of equipment at the time of audit.

vii. Relevant supporting documents such as company registration documents, tax clearance certificate, VAT registration certificate, approval of the Ministerial Tenders Board for the award of the contract, bids from other contractors were not produced for audit.

viii. The irregularities in (ii), (iv), (v) and (vi) amounted to ₦67,937,050.00 (Sixty seven million, nine hundred and thirty seven thousand and fifty naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Payment for jobs not done.
ii. Diversion of public funds.
iii. Loss of government funds.

Management's Response

1. Evidence of performance with job completion certificate is available for audit examination. 2. Evidence of the Ministerial tenders' board approval of the contract and evidence that bids were received from other competitors are all in the contractor file and ready for audit verification. 3. The fund paid to the contractor cannot be recovered as the job was satisfactorily done. 4. No recovery is made hence no evidence of recovery is available. 5. All the accountable expenses embedded in the BOQ are dully accounted for and the breakdown is available for audit examination. 6. No sanctions was carried out since the job was satisfactorily carried out. 7. No sanction and blacklisting of contractor is necessary.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦67,937,050.00 (Sixty seven million, nine hundred and thirty seven thousand and fifty naira) being unsubstantiated contract award and execution.
ii. Recover and remit to Treasury, the sum of ₦62,343,186.14.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for jobs not executed and irregular payments specified in paragraphs 3104(iii) and 3106 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 24: PAYMENT FOR CONTRACT NOT EXECUTED AT KADUNA (=₦144,885,817.32)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Two contracts were awarded for the construction and equipping of skills Acquisition Center at Dambo, Zaria, Kaduna State totalling ₦144,885,817.32 (One hundred and forty four million, eight hundred and eighty five thousand, eight hundred and seventeen naira, thirty two kobo).
ii. The contract for the Equipping of the Skill Acquisition Centre at Dambo, Zaria, Kaduna State was awarded to a contractor at the sum of ₦35,039,360.00 (Thirty five million, thirty nine thousand, three hundred and sixty naira).
iii. The contracts for the Construction, Fencing and Landscaping of the Skills Acquisition Center at Dambo, Zaria, Kaduna State was awarded to a contractor through award letter reference number ML/AD/PROC/CAL/19/71/VOL.1/92 of 30th October, 2019, at the sum of ₦109,816,457.32 (One hundred and nine million, eight hundred and sixteen thousand, four hundred and fifty seven naira, thirty two kobo), with a completion period of 12 weeks.
iv. The contractor was paid 6 weeks after the contract award through paid voucher No. Exp/CAP/257/2019 and full payment on the contract was made on 23rd December 2019.
v. The sum of ₦680,000.00 (Six hundred and eighty thousand naira) was paid to the four (4) Officers of the Ministry through paid voucher No. ML/EXP/CAP/147/2020 to ascertain the completion of the construction, fencing and landscaping of the Skill Acquisition Center at Dambo, Zaria before handover to the ministry.
vi. Physical inspection of the the Construction, Fencing and Landscaping project by audit showed that the project belonged to the Federal Ministry of Agriculture and Rural Development and was awarded to a different contractor.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Payment for jobs not done.
ii. Misappropriation of public funds.

Management's Response

No Response.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦144,885,817.32 (One hundred and forty four million, eight hundred and eighty five thousand, eight hundred and seventeen naira, thirty two kobo) being payment for work not executed.
ii. Recover and remit to the Treasury, the sum of ₦144,885,817.32.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for jobs not executed and irregular payments specified in paragraphs 3104 (iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 25: PAYMENT FOR CONTRACT NOT EXECUTED AT KANO STATE (=₦56,869,088.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Ministry awarded three contracts totaling ₦56,356,799.40 (Fifty six million, three hundred and fifty six thousand, seven hundred and ninety nine naira, forty kobo) in Kano State as shown in the Table below, and

S/N	Description	Amount (₦)
1	Contract for the construction of one bungalow Skill Acquisition Centre at Sheka, Kumbotso LGA, Kano State	45,985,023.00
2	Contract for the renovation of the Federal Ministry of Labour and Employment State Office, Kano	6,789,565.00
3	Contract for the procurement of some office Equipment for 12 State Labour Offices and Headquarters, North-East Zone	3,582,211.40
	Total	**56,356,799.40**

ii. Physical inspection by audit showed the contracts were not executed.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Misappropriation of public fund
ii. Payment for jobs not done.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦56,356,799.40 (Fifty six million, three hundred and fifty six thousand, seven hundred and ninety nine naira, forty kobo) being payment for job not executed.
ii. Recover and remit to the Treasury, the sum of ₦56,869,088.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for jobs not executed and irregular payments specified in paragraphs 3104 (iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 26: IRREGULARITIES IN CONTRACT AWARD AND PAYMENT AT EBONYI STATE (=₦18,905,040.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Also, paragraph 2 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observe that:

i. Contracts were awarded to two (2) contractors for the construction of Ultra-Modern Skill Acquisition and Vocational Center at Okpokuegbe, Ezza North LGA, Ebonyi State.
ii. Payments were made to the contractors as follows:

S/N	PV No	Date	Description	Amount (₦)
1	ML/EXP/CAP/127/20	29/2/20	Payment for the landscaping of principal quarters of ultra-modern Skill Acquisition and Vocational Center at Okpo kuegbeEzza North LGA Ebonyi State	9,401,525.00
2	ML/EXP/CAP/150/2020	28/1/21	Payment for the fencing of principal quarters of ultra-modern Skill Acquisition and Vocational Center at OkpokuegbeEzza North LGA Ebonyi State	9,503,515.00
	Total			**18,905,040.00**
	1% Stamp Duty			**189,050.40**

ii. 1% Stamp Duty amounting to ₦189,050.40 were not deducted and remitted to the Federal Inland Revenue Service in contravention of extant regulations, and
iii. Relevant documents such as Needs Assessment Report, Evidence of competitive bidding, Bill of Quantity (BOQ), Project Status Report, Valuation Certification, and Job Completion Certificate were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks
i. Payment for jobs not done.
ii. Misappropriation of public funds.

Management's Response
"Auditor may please note that this low value contract that is within the permanent Secretary approval threshold, to this end 3 unrelated technically qualified companies were invited to submit financial bids out of which the lowest responsive bid was recommended for the award of the contract. A work contract of this magnitude does not require the approval of the MTB and valuation certificate are not generated for small value contract of this nature. The BOQ and job completion certificate are in the file and available for audit verification"

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,905,040.00 (Eighteen million, nine hundred and five thousand, forty naira), being irregularities in contract award and payments.
ii. Recover and remit the sum of ₦18,905,040.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 27: IRREGULARITIES IN THE CONTRACT FOR CONSTRUCTION AT OGUN STATE (=₦27,511,202.47)

Section 24(1) of the Public Procurement Act 2007 states "Except as provided by this Act, all procurement of goods and services by all entities shall be conducted by open competitive bidding." Also, paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:
i. The Ministry awarded a contract for the construction of Skills and Vocational Training Centre in Ijebu-Ode, Ogun State at a contract sum of ₦27,511,202.47 (Twenty seven million, five hundred and eleven thousand, two hundred and two naira, forty seven kobo).

ii. Relevant due process documents to show open competitive bidding such as advertisement, quotations, bid submission, technical and financial bid evaluation etc were not provided for scrutiny.
iii. The contract agreement attached to the paid voucher did not include important contractual provisions such as Terms of payment, Provision of Retention Fee, Duration of the Contract, Obligations of the Contractor, Conditions for Termination of Contract, Alterations and Modification of the Contract etc., and
iv. The contractor was fully paid in three tranches through Paid Voucher Nos. EXP/CAP/286/2019, EXP/CAP/154/2020 and EXP/CAP/304/2019 of 2nd November, 2020, 28th January, 2021 and 31st March, 2021 respectively.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Misappropriation of public funds.
ii. Payment for jobs not executed.

Management's Response

"Due process was strictly followed in the award of this contract. There was a BPP 'No Objection' issued reference BPP/S./CID/20/VOL.I/358 dated 6/7/2020 approving the selective tendering method for the award of contract. There is evidence of the solicitation documents returned by the contractor and the decision of the MTB awarding the contract and contract agreement is in the file and available for audit inspection."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦27,511,202.47 (Twenty seven million, five hundred and eleven thousand, two hundred and two naira, forty seven kobo), being irregular payments.
ii. Recover and remit to the Treasury, the sum of ₦27,511,202.47.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations 2009 should apply.

ISSUE 28: PAYMENTS WITHOUT RELEVANT PROCUREMENT DOCUMENTS (=₦27,902,479.04)

Paragraph 2921(i) of the Financial Regulations (FR) 2009 states "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all contractor/suppliers shall be subjected to the same level playing ground. The format for submission of bids, the deadline for submission and the pre-determined criteria for evaluation shall not vary from one contractor/supplier to the other; they shall be the same." Also, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will

invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The Ministry awarded contract for the construction of Skills and Vocational Training Centre in Jibia LGA, Katsina state at a contract sum of ₦27,902,479.04 (Twenty four million, nine hundred and two thousand, four hundred and seventy nine naira, four kobo).
ii. Relevant due process documents to show open competitive bidding such as advertisement, quotations, bid submission, technical and financial bid evaluation etc were not provided for scrutiny, and
iii. Payments were made to the contractor (net of taxes) through three (3) paid vouchers as shown in the Table below.

S/N	Paid Voucher No	Date	Amount (₦)
1	EXP/CAP/027/2019	03/11/2020	3,661,715.58
2	EXP/CAP/299/2019	23/02/2021	12,449,825.44
3	EXP/CAP/351/2020	29/03/2021	7,635,419.20
	Total		**23,746,960.22**

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Loss of government funds.
ii. Payment for jobs not executed.

Management's Response

Request for due process 'No Objection' from BPP, these mandatory documents were submitted without which BPP consent would not have been gotten in the first place. Furthermore, minutes of MTB are in the file which was approved by Honourable Minister. Mandatory documents including decisions of MTB are contain in the file and available for audit inspection.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦27,902,479.04 (Twenty four million, nine hundred and two thousand, four hundred and seventy nine naira, four kobo) being payment without relevant procurement documents.
ii. Recover and remit to the Treasury the sum of ₦27,902,479.04.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations 2009 should apply.

ISSUE 29: CONSTRUCTION OF SKILLS AND VOCATIONAL TRAINING CENTRE, KWARA STATE WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦28,348,731.01)

Section 24(1) of the Public Procurement Act 2007 states "Except as provided by this Act, all procurement of goods and services by all entities shall be conducted by open competitive bidding.". Also, paragraph 2933 of the Financial Regulations (FR) 2009, states "(i) Subject to any regulations that may be prescribed by the Bureau from time to time, a procuring entity may grant a mobilization for which shall not exceed 15% of the contract price. The payment of mobilization fee shall be supported by, in case of national competitive bidding a guarantee issued by a reputable bank or Insurance company, and in the case of an international competitive bidding a bank guarantee issued by a reputable bank; (ii) No further payments shall be made to a supplier or contractor who has been paid mobilization fee except on the strength of an interim performance certificate issued in accordance with the contract agreement." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. Contract for the construction of Skill and Vocational Centre in Isin Local Government Area, Kwara State, was awarded at a contract sum of ₦28,348,731.01 (Twenty eight million, three hundred and forty eight thousand, seven hundred and thirty one naira, one kobo).
ii. The first payment to the contractor was made through paid voucher number EXP/CAP/294/2019 of 10th November, 2020 amounting to ₦7,440,552.98 (net of taxes) representing 27% of the contract sum which was above the 15% threshold for mobilization fee prescribed by extant rules.
iii. The payment of mobilization fee was not supported by an Advance Payment Guarantee (APG) issued by a reputable bank or Insurance company, and
iv. Relevant due process documents to show open competitive bidding such as Minutes of Ministerial Tenders Board Meeting, Certificate of Registration, Tax Clearance, VAT Registration Certificate, PENCOM Certificate, were not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Diversion of government funds.
ii. Payment for jobs not executed.

Management's Response

There is evidence of MTB in the form of the decisions of the 8th MTB meeting of 22/7/2020, for the project, All documentary in the project file showing that due process 'No Objection' and strict tender method for the contractors biding, CAC registration, PENCOM certificate, IRR,

NSITF certificate, ITF affidavit are all available for audit verification. The project funding is properly accounted for as financial regulations were duly followed.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦28,348,731.01 (Twenty eight million, three hundred and forty eight thousand, seven hundred and thirty one naira, one kobo) being payment for contract without supporting due process documents.
ii. Recover and remit to the Treasury, the sum of ₦28,348,731.01.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 30: IRREGULARITIES IN THE CONSTRUCTION OF SKILLS AND VOCATIONAL TRAINING CENTRE, AT OGUN STATE (=₦27,923,746.17)

Section 24(1) of the Public Procurement Act 2007 states “Except as provided by this Act, all procurement of goods and services by all entities shall be conducted by open competitive bidding.” Also, paragraph 603(i) of the Financial Regulations (FR) 2009 states “All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc.”

Audit observed that:

i. The Ministry awarded a contract for the construction of Skills and Vocational Training Centre in Ikenne, Ogun state, at a contract sum of ₦27,923,746.17 (Twenty seven million, nine hundred and twenty three thousand, seven hundred and forty six naira, seventeen kobo), and
ii. Relevant due process documents to show open competitive bidding such as Minutes of Ministerial Tenders Board Meeting, Certificate of Registration, Tax Clearance, VAT Registration Certificate, PENCOM Certificate, were not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Loss of government funds.
ii. Payment for jobs not executed.

Management’s Response

After receiving bids from different competitors, the MTB approve that the lowest selective bidder be awarded the contract preceded the BPP ‘No Objection’. All the company documents which include certificate of registration, tax clearance, VAT registration certificate, Pencom and BPP registration certificate are in the file and ready for audit sighting.

Recommendations

The Permanent Secretary should be requested to:

i. Account for the sum ₦27,923,746.17 (Twenty seven million, nine hundred and twenty three thousand, seven hundred and forty six naira, seventeen kobo) being payments made for contract withour supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦27,923,746.17.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 31: CONTRACT AWARD WITHOUT DUE PROCESS AND RELEVANT SUPPORTING DOCUMENT (=₦12,500,000.00)

Section 20(2) of the Procurement Act 2009 states "The accounting officer of every procurement entity have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…" Also, paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Furthermore paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Ministry awarded a contract for the printing of ten thousand (10,000) copies of revised National Policy on Occupational Safety and Health, at a contract sum of ₦12,500,000.00 (Twelve million, five hundred thousand naira).
ii. The sum of ₦10,936,046.51 (net of taxes) was paid to the contractor on the 16th of February, 2021 through paid voucher number EXP/CAP/193/2020, and
iii. Relevant due process documents to show open competitive bidding such as Minutes of Ministerial Tenders Board Meeting, Certificate of Registration, Tax Clearance, VAT Registration Certificate, PENCOM Certificate, were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment.

Risks

i. Payment for job not executed
ii. Diversion of public funds.

Management's Response

"All the BPP procedures and other extant rule were duly adhered to in the award of contract and are all contained in the contractor's file which is available for audit inspection."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,500,000.00 (Twelve million, five hundred thousand naira) being payment to contractor without due process.
ii. Recover and remit to the Treasury the sum of ₦12,500,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts specified in paragraph 3117 of the Financial Regulations 2009 should apply.

FEDERAL MINISTRY OF TRANSPORT

During the audit of the Federal Ministry of Transport, the following observations were made:

ISSUE 1: FAILURE TO PRESENT FINANCIAL STATEMENTS IN ACCORDANCE WITH IPSAS ACCRUAL

Paragraph 4 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/7 dated 18th March 2016 requires MDAs to prepare annual statutory financial reports in addition to the monthly trial balance to be submitted to Treasury. Similarly, Paragraph 5.3 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/108 dated 1st December 2016, requires each MDA to prepare IPSAS accrual basis annual statutory financial statements effective 1st January 2016. The Circular requires all MDAs to prepare the following annual statutory financial statements:

i. Statements of Financial Performance
ii. Statements of Financial Position
iii. Cash Flow Statement
iv. Statements of Changes in Net Assets/Equity
v. Statements of Comparison of Actual and Budget
vi. Notes to the Account

The financial statements are to be forwarded to the Treasury and be in public domain (Website, Publications, etc.) after certification by the Auditor-General for the Federation…"

In spite of the extant regulations:

i. The Management of Federal Ministry of Transportation failed to present standalone financial statements that are compliant with accruals based International Public-Sector Accounting Standards (IPSAS) for the financial year 2019 and 2020 despite several requests, and
ii. The above practice by the Ministry contravened extant regulations on submission of financial statements for audit.

This anomaly could be attributed to weaknesses in the internal control system at the Federal Ministry of Transport.

Risks

i. Impediments to Public Accounts Committees oversight.
ii. Sub-optimal decisions by those charged with governance.

Management's Response

The stand-alone financial statement is not supposed to be prepared at the Ministry level as only Trial Balance is usually prepared and forwarded to the Office of the Accountant General of the Federation by Ministries which will collate and prepare a consolidated Financial Statement for the Federal Government.

Recommendations

The Permanent Secretary should be requested to:

i. Submit the standalone financial statements, in respect of 2019 and 2020 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦471,292.31)

Section 41 of the Public Procurement Act (PPA) 2007 states "(1) A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation. (2) Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers…" Also, Paragraph 2 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Similarly, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The Ministry awarded thirteen (13) contracts amounting to ₦25,650,485.07 (Twenty five million, six hundred and fifty thousand, four hundred and eighty five naira, seven kobo) to contractors/suppliers for different services/works.
ii. The contracts were awarded without obtaining quotations from three (3) unrelated contractors/suppliers and without in-house estimate, and

iii. The sum of ₦471,292.31 being 1% stamp duty and 5% Withholding tax amounting to ₦165,835.33 and ₦139,621.65 respectively, were included in the contract price which shifted the tax burden from the contractor/supplier to the Government.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Transport.

Risks

i. Loss of government funds.
ii. Difficulty in funding budget.
iii. Diversion of public funds.

Management's Response

Due processes were followed in the award of the above contracts and are in accordance with the requirements of the Public Procurement Act, 2007. The following documents were duly filed and are hereby made available for your perusal. The 1% stamp duty added to some of the awards to arrive at the contract sum and the few cases where 5% WHT was added to the contract price has been noted and the affected contractors will be written to make refunds to enable the Ministry recover the amount involved and the evidence of such will be forwarded to your office.

Recommendations

The Permanent Secretary should be requested to:

i. Recover and remit to the Treasury, the sum of ₦471,292.31.
ii. Forward evidence of remittance to the Public Accounts committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112(ii) of the Financial Regulations 2009 should apply.

SECTION 14

POLICE AFFAIRS AUDIT DEPARTMENT

NIGERIA POLICE FORCE

DEPARTMENT OF INFORMATION AND COMMUNICATION TECHNOLOGY, FORCE HEADQUARTERS, ABUJA.

At the Nigeria Police Force Department of Information and Communication Technology, Force Headquarters, Abuja, the following observations were made:

ISSUE 1: PAYMENT FOR GOODS AND SERVICES NOT FULLY SUPPLIED (=₦442,216,819.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."Furthermore, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observe that:

i. The sum of ₦442,216,819.00 (Four hundred and forty two million, two hundred and sixteen thousand, eight hundred and nineteen naira) was paid to four contractors in 2020.
ii. The payments in (i) above, were in respect of contracts awarded in 2018 for the supply of aircraft surveillance system (drone), configuration of secured ground to air base, Vehicular Trans Receiver Equipment system for the Nigeria Police, supply of 15 Motorola Digital Communication Terminals, setting up and upgrade of a computerized E-Staff list (HR Manager).
iii. The completion period of 4 weeks for the setting up and upgrade of the computerized E-Staff list (HR Manager) phase 1 and the supply of aircraft surveillance system (drone) and components were yet to be delivered in August 2021 despite full payment, and
iv. Despite the non-completion of the project, a completion certificate reference no: CB:1080/DICT/IT/FHQ/ABJ/V.4/58, was issued on the 20th December, 2018, Certification of the Internal Auditor Ref. 026, dated 30th December, 2018, and the Stock Verifier's certificate issued on the 31st of December, 2018, were attached to the payment vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, Headquarters Abuja.

Risks

i. Payments for jobs not executed.
ii. Diversion of public fund.
iii. Loss of government fund.

Management's Response

1. "All the communication gadgets were shown to the auditors at the store, and that all the store receipt vouchers, and the photographs of some of the gadgets are attached.

2. The configuration and installation of the communication gadget could not be carried out because of the Covid-19 pandemic, and the difficulty in getting the end-user certificate for customs clearance purposes.
3. The drone has now been cleared from the Nigeria Customs Service.
4. In the case of the E-Staff List software in the Information Technology Unit, the project is on-going, and has not been completed because of lack of funds."

Recommendations

The Inspector-General of Police should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦442,216,819.00 (Four hundred and forty two million, two hundred and sixteen thousand, eight hundred and nineteen naira) being payment for security equipment not supplied.
ii. Recover and remit to the Treasury, the sum of ₦442,216,819.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating topayment for job not executed and asset paid for but not collected as prescribed in paragraphs 3104(iii) and 3109 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: PAYMENT FOR ICT EQUIPMENT WITHOUT APPROVAL FROM NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY (NITDA) (=₦1,197,882,034.38)

Paragraph 4 of the Establishment Circular Ref. No. 59736/S.2/C.II/125 dated 31st August, 2018 states "For the avoidance of doubt, MDAs and other government establishments are to relate with and obtain prior approval from National Information Technology Development Agency (NITDA) for the implementation of Information Technology (IT) projects as well as the procurement of locally assembled IT components."

Audit observed from that:

i. The sum of ₦1,197,882,034.38 (One billion, one hundred and ninety seven million, eight hundred and eighty two thousand, thirty four naira, thirty eight kobo), was paid to five contractors for the supply of ICT equipment as shown in the Table below, and

S/N	PV No	DESCRIPTION	DATE	AMOUNT (₦)
1	056/20	Design, development and training of Staff for long range Aircraft Surveillance System	13/05/2020	212,044,708.90
2	035/20	Construction and establishment of Iridium satellite infrastructure/docking station, & Configuration of Extreme Push-to-talk Satellite Communication System	12/05/2020	249,532,500.01
3	005/20	Construction And Configuration Of Mobile/Vehicular Repeater Stations, Motorola Hand Held Radio Vehicular And Base Radio	12/05/2020	248,964,585.88
4	038/20	Construction And Configuration Of Secured Ground To Air Base & Vehicular Trans-receiver Equipment System	12/05/2020	249,971,818.57

5	032/20	Construction and Establishment of Police Command and Control Systems interface including video, voice Interface Modules and Multi-Platform distribution, in Lagos, Oyo, Ogun, Delta, Edo, Nasarawa, Katsina, and Zamfara states.	12/05/2020	237,368,421.02
		Total		**1,197,882,034.38**

Source: Extracts from paid vouchers

ii. Evidence of approval by NITDA before procurement of the ICT equipment, was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, Headquarters Abuja.

Risks

i. Payments for items not supplied.
ii. Supply of low-quality products
iii. Loss of government funds.

Management's Response

"Compliance with NITDA certification applies only to Information Technology (IT) that operates with software. All equipment procured on these contracts were communication related, which are hardware, not categorized under NITDA, and operated with frequencies, and are regulated by the Nigeria Communication Commission (NCC), and they were in accordance with the NCC requirements."

Recommendations

The Inspector-General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,197,882,034.38 (One billion, one hundred and ninety-seven million, eight hundred and eighty two thousand, thirty four naira, thirty eight kobo) being the purchase of ICT equipment without approval from NITDA.
ii. Recover and remit to the Treasury, the sum of ₦1,197,882,034.38.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 3: UNSUBSTANTIATED PAYMENT FOR HUMAN RESOURCE SOFTWARE (=₦14,535,999.80.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. A contract for the sum of ₦18,650,000.00 (Eighteen million, six hundred and fifty thousand naira) was awarded by the Department for the set up and upgrade of a computerized E-Staff list (HR Manager) phase 1, at the Police Force Headquarters through reference CQ.1200/DSL/PROC/FHQ/ABJ/ - V.8/33, dated 29th November, 2018 with a completion period of 4 weeks.
ii. The sum of ₦14,535,999.80.00 (Fourteen million, five hundred and thirty five thousand, nine hundred and ninety nine naira, eighty kobo) was paid to the contractor on 6th October, 2020.
iii. A similar software was installed by the Finance and Administration Department, through an award letter Ref No.CQ.1200/DLS/PROC/FHQ/ -ABJ/C.7/284, on the 30th of October, 2017, to another contractor for the "First Phase of Digitalization of Nigeria Police Personnel Records Data base," at the cost of ₦21,536,495.80, (Twenty one million, five hundred and thirty six thousand, four hundred and ninety five naira, eighty kobo).
iv. The payment in (iii) above, was effected through paid voucher No. 119/17 of 29th December, 2019, with Job Completion Certificate No. CV.5931/DFA/FHQ/ABJ/BOL.7 of 14th December, 2017.
v. There was duplication of the Human Resource Software contract in two different departments of the Nigeria Police Force at different costs leading to double payments for the same software, and
vi. The contract had not been completed at the time of audit in August 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, Headquarters Abuja.

Risks

i. Payment for job not executed.
ii. Diversion of public funds.

Management's Response

The Department of Information and Communication Technology is responsible for Maintenance of staff list for the Nigeria Police Force, and the staff list of the Force is domiciled in the Department of Information and Communication Technology Section (InfoTech Section) since creation of the Department.

Recommendations

The Inspector-General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦14,535,999.80.00 (Fourteen million, five hundred and thirty five thousand, nine hundred and ninety nine naira, eighty kobo) being unsubstantiated payment for human resources software.
ii. Recover and remit to the Treasury the sum of ₦14,535,999.80.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not done and irregular payment specified in paragraphs 3104(iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: UNSUBSTANTIATED AWARD OF CONTRACTS (=₦1,209,184,522.57)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observed that:

i. The sum of ₦1,209,184,522.57 (One billion, two hundred and nine million, one hundred and eighty four thousand, five hundred and twenty two naira, fifty seven kobo) was paid to contractors in May, 2020 for the procurement and installation of some technical items, and other related services, as shown in the Table below, and

S/N	PV NO	DESCRIPTION	DATE ON PV	AMOUNT (₦)
1	053/20	Motorola Dig Comm Terminals	12/05/2020	11,302,488.19
2	056/20	Design Deployment, And Training Of Staff For Long Range Aircraft Surveillance System	13/05/2020	212,044,708.90
3	035/20	Construction and Establishment of Iridium Satellite Infrastructure/Docking Station, & Configuration of Extreme Push-To-Talk Satellite Comm. System	12/05/2020	249,532,500.01
4	005/20	Construction And Configuration of Mobile/Vehicular Repeater Stations, Motorola Hand Held Radio, Vehicular And Base Radio	12/05/2020	248,964,585.88
5	038/20	Construction And Configuration of Secured Ground To Air Base & Vehicular Trans receiver Equipment System	12/05/2020	249,971,818.57
6	032/20	Construction And Establishment of Police Command And Control Systems Interface Including Video, Voice DT Interface Modules And Multi Platform Distribution, In Lagos, Oyo, Ogun, Delta, Edo, Nasarawa, Katsina, And Zamfara States.	12/05/2020	237,368,421.02
		TOTAL		**1,209,184,522.57**

ii. The specification of the items to be procured and services to be rendered were not properly described on the award letter, legal agreement, and paid vouchers in accordance with extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, Headquarters Abuja.

Risks

i. Supply of substandard equipment
ii. Loss of public funds.

Management's Response
Specification for the various procurements, were clearly stated in the standard bid documents given to each contractor in accordance with procurement Act 2007.

Recommendations
The Inspector-General of Police should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,209,184,522.57 (One billion, two hundred and nine million, one hundred and eighty four thousand, five hundred and twenty two naira, fifty seven kobo) incurred on procurement and installation of items without specification.
ii. Recover and remit to the Treasury, the sum of ₦1,209,184,522.57.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: FAILURE TO RELEASE CONTRACT FILES FOR YEAR 2020

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 110 of the Financial Regulations (FR) 2009 states "By virtue of their responsibilities and functions, the Accountant General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of' government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

In spite of the extant regulations:

i. The Department's Contact Officer refused to produce the 2020 contract (project) files, or contracts memorandum for audit, and
ii. The above practice contravened extant regulations on granting access to records to the Auditor-General for the Federation or his representative.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, Headquarters Abuja.

Risks

i. Payments for unauthorized expenditure.
ii. Payments for unappropriated expenditures.
iii. Payments for jobs not executed.

Management's Response
No payment can be made without the Contract Agreement attached with other documents like Contract Award letter, Store Verifier showing evidence of supplies into the store, Internal

Auditor's Certificate, Acceptance letter, Letter of Request for Payment from the Contractor and IGP's approval for the payment which form the Contract file as mentioned by the Auditor. All these were shown to the Auditors.

Recommendations

The Inspector General of Police should be requested to:

i. Submit the contract files to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 6: AWARD OF CONTRACTS TO RELATED COMPANIES (=₦267,614,585.88)

Section 41(2) of the Public Procurement Act (PPA) 2007 states "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers."Also, paragraph 2907(i) of the Financial Regulations (FR) 2009 states "In order to ensure transparency and accountability, achievement of value for money, economy and efficiency, and equity and fairness, all procurements falling within the Bureau's thresholds shall be by way of Open Competitive Bidding." Furthermore, paragraph 2944(i) of the FR 2009 states "The procuring entity shall obtain quotations from three (3) contractors or suppliers who shall submit only one (1) quotation each and who shall be informed of any extra charges to be included in the quotation (e.g. transport and storage costs), outside the cost of the goods, works or service."

Audit observed that:

i. The sum of ₦267,614,585.88 (Two hundred and sixty seven million, six hundred and fourteen thousand, five hundred and eighty five naira, eighty eight kobo) was paid to two (2) related companies in 2020 for the installation, configuration and upgrading of security and ICT equipment.
ii. The two companies as detailed in the table below, were owned by the same family, as they had the same set of Directors running the affairs of the two companies. This was verified from the Corporate Affairs Commission official web site.

S/N	PV	DESCRIPTION	DATE	AMOUNT ₦
1	005/20 (IT)	Constuction And Configuration Of Mobile/Vehicular Repeater Stations, Motorola Hand Held Radio,Vehicular And Base Radio (Appendix 006)	12/05/20	248,964,585.88
2	(IT)(CQ.1200/DLS/ PROC/FHQ/ABJ/V. 8/ 33, 29th November, 2018)	Setting Up And Upgrading Of NPF Computerised e-Stafflist (HR Manager) (Appendix 004c)	06/05/2020	18,650,000.00
	Total			**267,614,585.88**

iii. The award to related companies is in contravention of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, Headquarters Abuja.

Risks

i. Diversion of public funds.
ii. Poor execution of contracts.

Management's Response

All registered companies were duly scrutinized and their certificates of registration cross checked in compliance with the public procurement standards.

Recommendations

The Inspector-General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦267,614,585.88 (Two hundred and sixty seven million, six hundred and fourteen thousand, five hundred and eighty five naira, eighty eight kobo) being payment for contracts to related companies.
ii. Recover the sum of ₦267,614,585.88 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to contravention of Public Procurement Act 2007 and gross misconduct prescribed in paragraphs 3126 and 3105 of the Financial Regulations 2009 should apply.

ISSUE 7: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦2,600,000.00)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 110 of the FR 2009 states "By virtue of their responsibilities and functions, the Accountant General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of' government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

Audit observed that:

i. The sum of ₦2,600,000.00 (Two million, six hundred thousand naira) was paid through thirteen (13) vouchers to various beneficiaries in 2020, and
ii. The paid vouchers and other supporting documents were not presented for audit contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, Headquarters Abuja.

Risks

i. Payments for unapproved expenditures.
ii. Payments for jobs not performed.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Inspector-General of Police should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,600,000.00 (Two million, six hundred thousand naira) being payments without vouchers.
ii. Recover and remit the sum of ₦2,600,000.00 the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

POLICE SERVICE COMMISION

At the Police Service Commission, Abuja, the following observations were made between January to December 2020:

ISSUE 1: PAYMENT OF MOBILIZATION FEES ABOVE APPROVED THRESHOLD (=₦91,999,675.69)

Section 35(1) of the Public Procurement Act (PPA) 2007 states "In addition to any other regulations as may be prescribed by the Bureau, a mobilization fee of not more than 15% may be paid to a supplier or contractor…"

Audit observed that:

i. The Commission awarded a contract for the partitioning of a customized office cabinet wall for the sum of ₦126,026,953.00 (One hundred and twenty six million, twenty six thousand, nine hundred and fifty three naira) in 2020, and
ii. The contractor was paid a mobilization fee of ₦91,999,675.69 (Ninety one million, nine hundred and ninety nine thousand six hundred and seventy five naira, sixty nine kobo) which is seventy three percent (73%) of the contract sum, instead of the statutory rate of fifteen percent (15%) which is ₦18,904,042.95 (Eighteen million, nine hundred and four thousand, forty two naira, ninety five kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Police Service Commission.

Risks

i. Loss of government funds.
ii. Payment for job not executed.
iii. Diversion of public funds.

Management's Response

The sum of ₦91,999,675.69 was not a payment for 15% mobilization fee.
The Payment to the contractor: Edgewood Integrated Investment Ltd was for 73% performance bond for additional partitioning work at the Headquarters office of the Commission.

The sum of ₦18,904,043.00 was actually paid as 15% Performance Bond and not ₦91,999,675.69 the Resident Federal Auditors reported.

The Public Procurement Act is unambiguous on requirement for payment of 15% mobilization fee to a Contractor.

The Act stipulated that "If the project is a National Competitive Bidding an unconditional bank guarantee or Insurance Bond issued by an institution and acceptable by the procuring entity shall suffice.

The Commission made ₦18,904,043.00 payments for 15% mobilization fee to the Contractor because the bond was acceptable to the Commission as stipulated by the Act.
In awarding the contract, the Commission observed due process procedures in the contract award and execution. Certificate of "No Objection" was obtained from the Bureau of Public Procurement (BPP).

The supply and partitioning of the Headquarters office of the Commission has since been completed and it is of good standard.

With the above explanations, the Commission requests that the allegation of violation of FR 415 be revised."

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦91,999,675.69 (Ninety one million, nine hundred and ninety-nine thousand six hundred and seventy-five naira, sixty-nine kobo) being payment of mobilisation above threshold.
ii. Recover and remit to Treasury, the sum of ₦91,999,675.69.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: DOUBTFUL PROCUREMENT OF ICT EQUIPMENT (=₦34,606,400.00)

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The Commission procured ICT equipment and fire-proof cabinet for the sum of ₦34,606,400.00 (Thirty four million, six hundred and six thousand, four hundred naira) in 2020.
ii. Physical existence of the ICT equipment could not be ascertained duel to denial of access.

The above anomalies could be attributed to weaknesses in the internal control system at the Police Service Commission.

Risks
i. Payment for job not executed.
ii. Loss of government funds.
iii. Diversion of public funds.

Management's Response

"The reported total sum ₦34,606,400.00 was not expended on procurement of ICT equipment and fire proof cabinet.

Part of the expenditure was for a 15% mobilization fee to Wedgewood Integrated Investment Ltd earlier explained in Issue No. 3 of this report and another was for supply of Printers and Scanner as follows:

S/N	NAME OF CONTRACTOR AND SUPPLY	AMOUNT ₦
1	Wedgewood Integrated Invest. Ltd – being payment for 15% Performance Bond for supply of material and portioning of PSC headquarters office	18,904,043.00
2	ZUKHRUF NIG. LTD – being an award for supply of Printers and Scanners to the Commission	16,232,500:00
	TOTAL	**34,606,400.00**

The Management of the Commission is unaware that the Federal Resident Auditor requested to conduct physical verification as claimed and was denied access.

The Commission, being an institution established to inculcate discipline to the Nigeria Police Force (NPF) personnel cannot in itself become indiscipline or disobedient to extant rules.

The Commission wishes to request for exoneration against allegation of breach of the 1999 Constitution of the Federal Republic of Nigeria (as amended)."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦34,606,400.00 (Thirty four million, six hundred and six thousand, four hundred naira) being doubtful payment for ICT equipment and fire-proof cabinet.
ii. Recover and remit the sum of ₦34,606,400.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: PAYMENT TO A CONTRACTOR WITHOUT RELEVANT DOCUMENTS (=₦6,541,375.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible

for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦6,541,375.00 (Six million, five hundred and forty one thousand three hundred and seventy five naira) was paid to a contractor for the supply of office equipment through paid voucher No. PSC/CAP/547/20 dated 2nd February, 2021, and
ii. Relevant supporting documents such as contract agreement, minutes of Tenders Board meeting, company's profile, etc were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Police Service Commission.

Risks

i. Diversion of public funds.
ii. Payment for work not done.

Management's Response

"The payment of ₦6,541,375.00 made to Chinsco Global Ltd for supply of office equipment to the Commission was within the approval limit of the Permanent Secretary who is the Accounting Officer of the Commission which does not require an agreement between the Commission and the Contractor as enshrined in a Circular Ref. No. PROC/OSGF/BPP/709/85.

Chinsco Global Ltd is one of the companies that registered as contractor with the Commission with an annual renewal.

The above explanation is succinct. The Commission cannot steep low to accepting sub-standard work or goods/items from a contractor."

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,541,375.00 (Six million, five hundred and forty one thousand, three hundred and seventy five naira) paid without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦6,541,375.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: PAYMENT OF MOBILIZATION FEES WITHOUT ADVANCE PAYMENT GUARANTEE (=₦18,904,043.00)

Section 35 (1) of the Public Procurement Act 2007 states "In addition to any other regulations as may be prescribed by the Bureau, a mobilization fee of not more than 15% may be paid to a supplier or contractor, supported by the following: (a) In the case of National Competitive

Bidding – an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity…."

Audit observed that:

i. The sum of ₦18,904,043.00 (Eighteen million, nine hundred and four thousand, forty three naira) was paid as mobilization feefor "additional partitioning of office space" through payment voucher No. PSC/CAP/531/20 dated 3rd December, 2020, and
ii. Evidence of an Advance Payment Guarantee (APG) was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Police Service Commission.

Risks

i. Loss of government funds.
ii. Payment for job not executed.

Management's Response

The 15% mobilization fee of ₦18,904,043.00 payment made to Edgewood Investment for additional partitioning of the office space, installation of wall panel and customized cabinet at the Commission headquarters office building project at Jabi, Abuja was upon acceptance by the Commission of Consolidated Hallmark Insurance Plc Performance Bond.

As earlier explained, the payment was in consonance with the Public Procurement Act (35) (1) which stipulates:

In addition to any other regulations as may be prescribed by the Bureau, a mobilization fee of not more than 15% may be paid to supply or contractor supported by the following:

a. In the case of National Competitive Bidding – an unconditional bank guarantee or insurance bond issued by and institution acceptable to the procuring entity; and….

The Commission accepted a Consolidated Hallmark Insurance Plc Bond which was in the policy file receiving action as at the time of the audit verification. A copy is herewith forwarded for your verification.

With above explanations the alleged infraction or violation of extant rules by the Commission should be withdrawn.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,904,043.00 (Eighteen million, nine hundred and four thousand, forty three naira) being payment of mobilisation fee without advance payment guarantee.
ii. Recover and remit to the Treasury, the sum of ₦18,904,043.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

SECTION 15

STATES DIVISION AUDIT DEPARTMENT

COMMAND SECONDARY SCHOOL, SULEJA, NIGER STATE

At the Command Secondary School, Suleja, Niger state, the following observations were made:

ISSUE 1: IRREGULAR CASH RECEIVED FOR RATION ALLOWANCE WITHOUT DEPOSITING AT THE BANK (=₦137,001,000.00)

Paragraph 219 of Financial Regulations (FR) 2009 states "Subject to Regulations 716 and 717, and unless the Accounting Officer or Sub-Accounting Officer shall expressly authorize otherwise, at all stations where there is a bank in which the government revenue account is kept, collections shall be paid in to the credit of the government account at the bank, the relevant bank credit slip supported by completed Treasury Forms 15 or 15A in duplicate being tendered to the Sub-Accounting Officer in lieu of cash at the earliest possible time (see FR 711)."

Audit observed that:

i. The sum of ₦137,001,000.00 (One hundred and thirty seven million, one thousand naira) was received in cash by the school for the feeding of students between January and December, 2020, and
ii. The cash received in (i) above was not deposited into the school revenue account.

The above anomalies could be attributed to weaknesses in the internal control system at the Command Secondary School, Suleja, Niger State.

Risks

i. Diversion of public funds.
ii. Loss of funds.

Management's Response

No response.

Recommendations

The Commandant should be requested to:

i. Justiy to the Public Accounts Committees of the National Assembly, the sum of ₦137,001,000.00 (One hundred and thirty seven million, one thousand naira) as cash received without depositing at the bank.
ii. Recover and remit to the Treasury the sum of ₦137,001,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations (FR) 2009 should apply.

ISSUE 2: CONTRACT AWARD WITHOUT DUE PROCESS AND RELEVANT SUPPORTING DOCUMENT (=₦132,805,790.00)

Section 20(2) of the Procurement Act 2009 states "The accounting officer of every procurement entity have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…" Also, paragraph 2946 (i) of Financial Regulations (FR) 2009 states "The procedure under the Direct Procurement Method shall be through an invitation by the Procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract." Furthermore, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The sum of ₦132,805,790.00 (One hundred and thirty- two million, eight hundred and five thousand, seven hundred and ninety naira) was paid to seventy (70) contractors being supply of food items in 2020, and
ii. Evidence such as quotation of bidders, to show that the procurement was a product of open competitive bidding was not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at Command Secondary School, Suleja, Niger State

Risks

i. Payment for job not executed.
ii. Diversion of public funds.

Management's Response

No response

Recommendations

The Commandant should be requested to:

i. Account for the sum of ₦132,805,790.00 (One hundred and thirty- two million, eight hundred and five thousand, seven hundred and ninety naira) being irregular award of contracts,
ii. Recover and remit to the Treasurythe sum of ₦132,805,790.00,
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract prescribed in paragraph 3117(i) and (ii) of the Financial Regulations should apply.

ISSUE 3: VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦14,368,000.00)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009 states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. Nine (9) payments amounting to ₦41,368,000.00 (Forty one million, three hundred and sixty eight naira) were made to five officers instead of the ultimate beneficiaries, and
ii. There was no evidence to confirm that the beneficiaries received the payments from the Officers.

The above anomalies could be attributed to weaknesses in the internal control system at the Command Secondary School, Suleja, Niger State.

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Risks

i. Diversion of public funds.
ii. Funds may not get to the beneficiaries.

Management's Response

No response.

Recommendations

The Commandant should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the payment of ₦41,368,000.00 (Forty one million, three hundred and sixty eight thousand naira) to persons other than the beneficiaries.
ii. Recover and remit the sum of ₦41,368,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

FEDERAL SCIENCE AND TECHNICAL COLLEGE, OTUKPO

At the Federal Science and Technical College, Otukpo, the following observations were made:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦3,203,350.00)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. The sum of ₦3,203,350.00 (Three million, two hundred and three thousand, three hundred and fifty naira only) was paid to four (4) officers between August and October, 2020 for procurement of electrical materials and other store items through nine (9) paid vouchers, and
ii. There was no evidence that the supplies were made as the items were not taken on store ledger charge and Store Received Vouchers (SRV) issued to authenticate the supplies.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Science and Technical College, Otukpo.

Risks

i. Loss of government funds
ii. Payment for items not supplied
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,203,350.00 (Three million, two hundred and three thousand, three hundred and fifty naira only), being store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦3,203,350.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

FEDERAL GOVERNMENT COLLEGE, BUNI YADI,YOBE STATE

At the Federal Government College, Buni Yardi,Yobe state, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND CASH ADVANCE ABOVE THRESHOLD (=₦44,090,000.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. Twenty (20) payments totalling ₦44,090,000.00 (Forty four million, and ninety thousand naira) were made to four (4) officers between January and December, 2020 for the procurement of food items in contravention of extant regulations.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the Collegehad resulted in the loss of ₦5,952,150.00 (Five million, nine hundred and fifty-two thousand, one hundred and fifty naira) that would have accrued to the government through statutory taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Buni Yardi, Yobe State.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding government budget.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦44,090,000.00 (Forty four million, and ninety thousand naira) being circumvention of procurement procedure and cash advance above the approved threshold.
ii. Recover and remit the sum ₦44,090,000.00 to the Treasury.
iii. Forwardevidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: PAYMENTS WITHOUT SUPPORTING DOCUMENTS (=₦2,008,000.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Twenty (20) payments totaling ₦2,008,000.00 (Two million and eight thousand naira) were made to eleven officers of the College for transactions such as Directorate Promotion, purchase of drugs, electric fittings, fumigations, etc. between August and December, 2020.
iii. Relevant supporting documents such as the initiating memo, Store Receipt Vouchers (SRVs), delivery notes and invoices were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Buni Yadi, Yobe State.

Risks

i. Loss of revenue to government.
ii. Possible diversion of public funds.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,008,000.00 (Two million and eight thousand naira) paid without relevant supporting documents.

ii. Recover and remit the sum of ₦2,008,000.00 to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

FEDERAL GOVERNMENT COLLEGE IDO-ANI ONDO STATE

At the Federal Government College, Ido-Ani, Ondo State, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦89,490.000.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 2946(i) of the FR 2009 states ''The procedure for procurement under the direct procurement method shall be through an invitation by the procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract."

Audit observed that:
i. Fifty eight (58) payments totaling ₦89,490,000.00 (Eighty nine million, four hundred and ninety thousand naira) to personal accounts of four (4) officers of the College for the procurement of food items for students between January and December, 2020 in contravention of extant regulations.
ii. The Federal Government had by the action of the College loss the sum of ₦12,081,150.00 (Twelve million, eightyone thousand, one hundred and fifty naira) that would have accrued as statutory taxes, and
iii. Relevant documents such as Store Receipt Vouchers (SRVs) and Store Issue vouchers (SIVs)were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Ido-Ani, Ondo State.

Risks
i. Loss of revenue to government.
ii. Possible diversion of public funds.

Management's Response
No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦89,490,000.00 (Eighty nine million, four hundred and ninety thousand naira) paid into the personal accounts of officers in circumvention of procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦89,490,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payment specified in paragraphs 3106 of the Financial Regulations 2009, should apply.

ISSUE 2: PAYMENTS WITHOUT SUPPORTING DOCUMENTS (=₦4,493,965.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Thirteen (13) payments totaling ₦4,493,965.00 (Four million, four hundred and ninety three thousand, nine hundred and sixty five naira) were made to seven (7) officers of the College and a contractor between January and December, 2020.
ii. The payments were for transactions such as hiring & fueling of Coaster bus, procurement of security items, drugs, stationeries, etc., and
iii. Relevant supporting documents such as written application from the beneficiaries, Store Receipts voucher (SRVs), delivery notes and invoices were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Ido-Ani, Ondo State.

Risks

i. Loss of revenue to government.
ii. Possible diversion of public funds.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,493,965.00 (Four million, four hundred and ninety three thousand, nine hundred and sixty five naira) paid without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦4,493,965.00.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanction relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

FEDERAL GOVERNMENT COLLEGE, VANDIKYA, BENUE STATE

At the Federal Government College, Vandikya, Benue State, the following observations were made:

ISSUE 1 UNRECOVERED LIBRARY TEXTBOOKS ON LOAN

Paragraph 112(i) (d) of the Financial Regulations 2009 states "The functions of the Accounting Officer shall include: ensuring the safety and proper maintenance of all government assets under his care."

Audit observed that:
i. Eight (8) Students of the College defaulted in returning twelve (12) textbooks granted on loan between January 2013 and December 2019. The books included: Craft Manual beads, Visual Arts, Complete Focus Literature, The College poetry play, Chaka the Zulu, etc, and
ii. There was no evidence of recovery of the books from the defaulters.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Vandikya, Benue State

Risks
i. Loss of government funds.
ii. Possible diversion of public funds.

Management's Response
No response.

Recommendations
The Principalshould be requested to:
i. Account to the Public Accounts Committees of the National Assembly for the forty four (44) library books given on loan to students.
ii. Recover the Textbooks or the estimated monetary value of the books and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: VIOLATION OF DIRECT PROCUREMENT PROCEDURE (=₦113,412,859.42)

Paragraph 2946(i) of Financial Regulations 2009 states "The procedure for procurements under the direct procurement method shall be through aninvitation by the procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract."

Audit observed that:

i. The sum of ₦113,412,859.42 (One hundred and thirteen million, four hundred and twelve thousand, eight hundred and fifty nine naira, forty two kobo) was paid to the personal accounts of four (4) officers for the procurement of food items in contravention of procurement Regulations.
ii. Statutory Taxes amounting to ₦15,310,736.00 (Fifteen million, three hundred and ten thousand, seven hundred and thirty six naira) that would have accrued to the Government have been lost, and
ii. Relevant documents such as Store Receipt Vouchers (SRVs) and Store Issue vouchers (SIVs) were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Vandikya, Benue State

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦113,412,859.42 (One hundred and thirteen million, four hundred and twelve thousand, eight hundred and fifty nine naira, fortytwo kobo) being payments to the personal accounts of officers in violation of procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦113,412,859.42.
iii. Forward the evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

FEDERAL GOVERNMENT COLLEGE, WARRI

At the Federal Government College, Warri, the following observations were made:

ISSUE 1: VIOLATION OF FEDERAL GOVERNMENT'S E-PAYMENT POLICY – (=₦13,440,319.12)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. The sum of ₦13,440,319.12 (Thirteen million, four hundred and forty thousand, three hundred and nineteen naira, twelve kobo) was paid to five (5) officers of the College in 2020, and
ii. The payments in (i) above, were made in cash to defray operating costs such as examination fees, electricity bills, and sundry services contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Warri.

Risks

i. Payment for jobs not executed.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,440,319.12 (Thirteen million, four hundred and forty thousand, three hundred and nineteen naira, twelve kobo) paid in cash to five officers of the school.
ii. Recover and remit to the Treasury, the sum of ₦13,440,319.12.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: IRREGULAR AWARD OF CONTRACT (=₦97,402,000.00)

Paragraph 2946(i) of Financial Regulations 2009 states "The procedure under the Direct Procurement Method shall be through an invitation by the Procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract." Also, paragraph 603(i) of the Financial Regulation states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them to be checked without reference to any other document and will invariably be supported by relevant document such as Local Purchase Order, Invoices, Special letters of authority, time sheet, etc.''

Audit observed that:

i. The sum of ₦97,402,000.00 (Ninety seven million, four hundred and two thousand naira) was paid to three (3) officers of the college in 2020 for the supply of food items.
ii. The payments in (i) above, was made without due procurement process, and
ii. Relevant store documents such as Store Receipt Vouchers, Store Issue Vouchers and stores ledger were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Warri.

Risks

i. Diversion of public funds.
ii. Payments for jobs not executed.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦97,402,000.00 (Ninety seven million, four hundred and two thousand naira) paid to three officers of the college in 2020 without due procurement process.
ii. Recover and remit to the Treasury, the sum of ₦97,402,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

FEDERAL SCIENCE COLLEGE, SOKOTO

At the Federal Science College, Sokoto, the following observations were made:

ISSUE 1: VIOLATION OF E-PAYEMENT POLICY OF THE FEDERAL GOVERNMENT (=₦3,823,908.000)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. The sum of ₦3,823,908.00 (Three million, eight hundred and twenty three thousand, nine hundred and eight naira) was paid to thirteen (13) officers between February and December, 2020 instead of the ultimate beneficiaries, and
ii. There was no evidence to confirm that the beneficiaries received the payments from the Officers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Science College, Sokoto.

Risks

i. Diversion of public funds.
ii. Payment for jobs not executed.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,823,908.00 (Three million, eight hundred and twenty three thousand, nine hundred and eight naira) paid in violation of the e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury, the sum of ₦3,823,908.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: IRREGULARITY IN THE AWARD OF CONTRACTS (=₦69,755,858.55)

Section 24 of the Public Procurement Act (PPA) 2007 states, "Except as provided by this Act, all procurements of goods and works Open by all procuring entities shall be conducted by open competitive bidding."

Audit observed that:

i. The College awarded four contracts between June and December, 2020 at a contract sum of ₦69,755,858.55 (Sixty nine million, seven hundred and fifty five thousand, eight hundred and fifty eight naira, fifty five kobo).
ii. The contracts were for provision and installation of 40 KVA generator, construction of 2 number of 3 Bedroom Flats, up-grading/furnishing of ICT Center and reconstruction ofburnt general store, and
ii. Relevant documents of procurement due process, such as newspaper advertisement, quotation from bidders, tenders' board minutes of meeting, etc. were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Science College, Sokoto.

Risks

i. Payment for jobs not executed.
ii. Award of contracts to incompetent contractors.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦69,755,858.55 (Sixty nine million, seven hundred and fifty five thousand, eight hundred and fifty eight naira, fifty five kobo) expended on contracts without due procurement process.
ii. Recover and remit, the sum of ₦69,755,858.55 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract prescribed in paragraph 3117 of the Financial Regulations 2009 should apply.

ISSUE 3: IRREGULAR PAYMENT OF MEAL SUBSIDIES TO STAFF (=₦98,040,406.07)

Paragraph 2946(i) of the Financial Regulations (FR) 2009 states "The procedure for procurement under the direct procurement method shall be through an invitation by the

procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract.''

Audit observed that:

i. The sum of ₦98,040,406.07 (Ninety eight million, and forty thousand, four hundred and sixnaira, seven kobo) was paid to the personal accounts of four (4) officers through one hundred and sixty eight (168) paid vouchers, for the procurement of food items to the students between January and December, 2020.
ii. Statutory Taxes amounting to ₦13,235,454.80 (Thirteen million, two hundred and thirty five thousand, four hundred and fifty four naira, eighty kobo) that would have accrued to the Government have been lost, and
iii. Relevant documents such as Store Receipt Vouchers (SRVs) and Store Issue vouchers (SIVs) were not presented for audit.

The above anomalies couldbe attributed to weaknesses in the internal control system at the Federal Science College, Sokoto.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦98,040,406.07 (Ninety eight million, and forty thousand, four hundred and six naira, seven kobo) paid into personal accounts of officers without due procurement process.
ii. Recover and remit to the Treasury, the sum of ₦98,040,406.07.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

FEDERAL GOVERNMENT GIRLS' COLLEGE, IMIRINGI, BAYELSA STATE

At the Federal Government Girls College, Imiringi, Bayelsa State, the following observations were made:

ISSUE 1: PAYMENT FOR CONTRACT NOT COMPLETED (=₦33,556,691.70)

Section 20(2) of the Procurement Act states in part, "The accounting officer of every procurement entity have overall responsibility for the planning at organization of tenders,

evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…." Also, paragraph 708 of the Financial Regulations 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied.''

Audit observed that:

i. The College awarded a contract for the construction of block of six classrooms at the sum of ₦33,556,691.70 (Thirty three million, five hundred and fifty six thousand, six hundred and ninety one naira, seventy kobo) in 2017, and
ii. The contract had since been abandoned by the contractor, despite receiving the sum of ₦32,160,779.27 (Thirty two million, one hundred and sixty thousand, seven hundred and seventy nine naira twenty seven kobo) which represented ninety five percent(95%) of the contract sum.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls College, Imiringi, Bayelsa State.

Risks

i. Diversion of public funds.
ii. Waste of government resources.

Management's Response

No response.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,160,779.27 (Thirty two million, one hundred and sixty thousand, seven hundred and seventy nine naira twenty seven kobo) being payments for job not completed.
ii. Recover and remit to the Treasury, the sum of ₦32,160,779.27.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and irregular payment prescribed in paragraphs 3104(iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT OF MEAL SUBSIDIES TO STAFF (=₦59,085,000.000)

Paragraph 2946(i) of the Financial Regulations (FR) 2009 states "The procedure for procurement under the direct procurement method shall be through an invitation by the procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract."

Audit observed that:

i. The sum of ₦59,085,000.00 (Fifty nine million, and eighty five thousand naira) to the personal accounts of five (5) officers and two (2) contractors for the procurement of food items, without due procurement process.

ii. Statutory Taxes amounting to ₦7,976,475.00 (Seven million, nine hundred and seventy six thousand, four hundred and seventy five naira) that would have accrued to the Government have been lost, and
iii. Relevant documents such as Store Receipt Vouchers (SRVs) and Store Issue vouchers (SIVs) were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls College, Imiringi, Bayelsa State.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The principal should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦59,085,000.00 (Fifty nine million, and eighty five thousand naira) paid into personal accounts of officers without due procurement process.
ii. Recover and remit to the Treasury, the sum of ₦59,085,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to collect and account for government revenue specified in paragraphs 3106 and 3112 of the Financial Regulations 2009 respectively, should apply.

SECTION 16

REVENUE AND ECONOMIC SECTOR AUDIT DEPARTMENT

NIGERIA CUSTOMS SERVICE

At the Nigeria Customs Service, Government Warehouses and Bonded Houses/Terminals in all Area Commands, Zones and Federal Operations Units from 2015 – 2018, the following observations were made:

FOU ZONE 'A' HEADQUARTERS IKEJA, LAGOS

ISSUE 1: LACK OF RECORDS, CONGESTION AND INDISCRIMINATE DUMPING OF SEIZURES IN GOVERNMENT WAREHOUSE

Code 4(a) of the Instructions relating to the control of goods deposited in the government warehouse states "Adequate space for storage of goods sufficient to cope with the traffic or volume of goods be provided". Also, part (viii) of the Instructions relating to the control of goods in the warehouse provides for stock-taking of goods in Government Warehouse, and that six-monthly, 100% stock-taking should be done on the first working day of the months of January and July every year". Furthermore, Code 16 of the Instructions relating to Government Warehouse, provides for Registers such as: Import Registers, Seizure Register, Detention Register, Releases Register, Transfer Register and Damage Register. Besides, Code 8 of the Instructions provides for goods which are not to be deposited in Government Warehouse such as corrugated iron sheets, fireworks, inflammable articles, chemical substances, used tyres, trucks used as means of conveyances, containers carrying combustible or inflammable goods or chemical. In addition, paragraph 2129 of the Financial Regulations (FR) 2009 states "The Accounting-Officer is responsible for the general supervision and control of stores and stores accounts of his ministry/extra-ministerial office and other arms of government. Similarly, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. There was indiscriminate dumping of seizures such as Corrugated iron sheets, fireworks, inflammable articles, chemical substances, used tyres, trucks used as means of conveyances, containers carrying combustible or inflammable goods or chemical without access for physical verification.
ii. Evidence of relevant records such as seizure register, detention register, releases register, transfer register and damageregister, records of stock-taking, was not produced for audit, and
iii. The actions in (i) and (ii) above violated the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, FOU Zone 'A' Headquarters Ikeja, Lagos.

Risks
i. Waste of resources.
ii. Fire outbreak.
iii. Loss of public funds.

Management's Response
No response.

Recommendations
The Comptroller-Generalshould be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the lack of records, congestion and indiscriminate dumping of seizures at the Federal Operations Unit, Headquarters, Ikeja.
ii. Forward evidence of records maintained such as Seizure Register, Detention Register, Releases Register, Transfer Register, Damage Register and Stock Taking Reports to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: ABANDONED SEIZURES

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act, 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section 1 of this Act, and shall in particular be concerned with the following: Reasonable price is charged, may appoint auctioneer, ensure that the goods are not sold to importers, agents or consignees.''

Audit observed that:
i. Large quantities of rice, perishable items, expired drugs and biscuits, banned substances like tramadol, motor vehicles, trucks, containers, fruit juices and other drinks, etc, were seized and abandoned for several years, and
ii. The Service disposed the seized brand-new vehicles to Government Ministries and Agencies but abandoned other seizures in the same warehouse, in contravention of the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, FOU Zone 'A' Headquarters Ikeja, Lagos.

Risks
i. Recycling of banned products to the society.
ii. Loss of value of seized items.

Management's Response
No response.

Recommendations

The Comptroller-Generalshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the abandonment of the seized items in contravention of extant regulations.
ii. Provide evidence to the Public Accounts Committees of the National Assembly, the destruction of harmful products, auctioning of valuable items and remittance of proceeds to the Treasury, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 3: DENIAL OF ACCESS TO ASCERTAIN THE VALUE OF SEIZURES FOR THE PERIOD 2015-2018

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 110 of the Financial Regulations (FR) 2009 states "By virtue of the responsibilities and functions of the Auditor-General, his representatives shall, at all reasonable times have access to books, files, safe, security, documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of government or units. They shall also be entitled to enquire and receive from members of the public service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

Audit observed that:

i. The Federal Operations Unit Zone 'A' Ikeja, failed to provide reports/returns on anti-smuggling activities to ascertain the value of seizures and detention, and
ii. The non-submission of returns on anti-smuggling activities to audit violated the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, FOU Zone 'A' Headquarters Ikeja, Lagos.

Risks

i. Loss of public funds
i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Comptroller-Generalshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the denial of access to ascertain the value of seizures and detained items.
ii. Forward the reports/returns of anti-smuggling activities to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 4: ABANDONMENT OF OVER 400 VEHICLES AT GOVERNMENT WAREHOUSE IKEJA

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include:…(b)ensuring that the essential management control tools are put in place to minimize waste and fraud;…(d) ensuring the safety and proper maintenance of all government assets under his care."

Audit observed that:

i. Over four hundred (400) vehicles of various types were abandoned at the warehouse after a committee set up on abandoned vehicles recommended their disposal in 2017, and
ii. Evidence of the committee's report and value of the vehicles was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, FOU Zone 'A' Headquarters Ikeja, Lagos.

Risks

i. Waste of government resources.
ii. Loss of government revenue.
iii. Depreciation of assets value.

Management's Response

No response.

Recommendations

The Comptroller-Generalshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the abandonment of over four hundred (400) vehicles at the warehouse in contravention of extant regulations.
ii. Disposed the vehicles and remit the proceeds to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 5: NON-ADHERENCE TO PUBLIC PROCUREMENT ACT ON ALLOCATION OF 70 CONDEMNED VEHICLES (=₦1,257,210,891.62)

Section 56(1) of the Public Procurement Act (PPA) 2007 states "Before slating any public property for disposal, the Accounting Officer (whether acting in his own authority or at the direction of any superior or other authority) in charge of any public property set for disposal

shall authorize the preparation of a valuation report for such property by an independent evaluator or such professional with the appropriate competence to carry out the valuation." Also, Government Warehouse Code 35&36 provides for an advertisement for disposal of goods deposited in government warehouses before disposal in order to create awareness. Conclusively, the disposal of assets referred to in subsection (2) of this section shall be deemed to take place when the most advantageous returns can be obtained for the assets in order to maximize revenue accruing to the government."

Audit observed that:

i. Seventy (70) vehicles were allocated to selected Federal Ministries, Agencies and Bauchi State University without reflecting the principles of competitiveness, accountability, fairness and equity.
ii. Evidence of compliance with public procurement due process such as advertisement, bids, valuation report for such property by an independent evaluator, etc, was not produced for audit, and
iii. The actions in (i) and (ii) above is in violation of the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, FOU Zone 'A' Headquarters Ikeja, Lagos.

Risks

i. Loss of government revenue.
ii. Misappropriation of government assets
iii. Diversion of public funds.

Management's Response

No response

Recommendations

The Comptroller-Generalshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,257,210,891.62 (One billion, two hundred and fifty seven million, two hundred and ten thousand, eight hundred and ninety one naira, sixty two kobo), being the value of seventy (70) condemned vehicles auctioned without recourse to due process.
ii. Recover and remit the sum of ₦1,257,210,891.62 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

TINCAN ISLAND COMMAND

ISSUE 6: NON-RECOVERY OF 42 MONTHS UNDER-PAYMENT OF VALUATION (=₦32,234,045,893.00)

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include:…(f) ensuring accurate collection and accounting for all public moneys received and expended;…(h) ensuring proper assessments, fees, rates and charges are made where necessary; (i) ensuring internal guides, rules, regulations, procedures are adequately provided for the security and effective check on the assessment, collection and accounting for revenue; (j) ensuring that any losses of revenue are promptly reported and investigated; (k) ensuring that all revenue collected are compared with the budgeted estimates with a view to highlighting the variances, positive or otherwise and the reasons for them;…" Also, section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts."

Audit observed that:

i. The sum of ₦32,234,045,893 (Thirty two billion, two hundred and thirty four million, forty five thousand, eight hundred and ninety three naira) was un-recovered outstanding underpayments spanning January 2015 to June 2018, representing a period of forty two (42) months, and
ii. The valuation report of the underpayments in (i) above was not made available for audit, contrary to the provisions of the extant regulations.

The above actions could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Tincan Island Command, Lagos.

Risks

i. Loss of government revenue
ii. Difficulty in funding budget.
iii. Diversion of public funds

Management's Response

No response.

Recommendations

The Comptroller-Generalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,234,045,893.00 (Thirty two billion, two hundred and thirty four million, forty five thousand, eight hundred and ninety three naira), being un-recovered underpayments.
ii. Recover and remit the sum of ₦32,234,045,893.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct, specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: ABANDONMENT OF ARMS, GADGETS AND MILITARY UNIFORMS

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;"

Audit observed that:

i. On the 1st of June 2017, twenty two (22) pieces of metal detectors, sixteen (16) pieces of handcuffs, four (4) pieces of walkie talkie, one (1) piece of bullet-proof vests were seized by the Tin Can Island Command.
ii. Two (2) containers with Registration Numbers 25520/8 and CMAU 189817/8 laden with nine hundred (900) pieces of Pump Action Rifles, One thousand, one hundred (1,100) pieces of Firearms, two hundred (200) pieces of Single Barrel Hunter rifles, four hundred and seventy (470) pieces of Firearms, four hundred and seventy (470) pieces of Pump Action Rifles were seized on the 11th September, 2017, and
iii. The seizures in (i) and (ii) above were not transferred to the appropriate government agencies and suspects handed over for prosecution, in contravention of extant rules.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Tincan Island Command, Lagos.

Risks

i. Susceptibility to an explosion in the event of a fire outbreak.
ii. Items getting into the wrong hands.

Management's Response

No response.

Recommendations

The Comptroller-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why the items were not transferred to the appropriate government agency(ies) and suspect(s) not handed over for prosecution.
ii. Account to the Public Accounts Committees of the National Assembly, the items above, and
iii. Otherwise, sanction relating to gross misconduct in paragraph 3129 of the Financial Regulations 2009 should apply.

APAPA AREA COMMAND

ISSUE 8: OVERTIME CARGO/ABANDONED CONTAINERS (=₦9,346,702,928.00)

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act (CEMA), 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section 1 of this section and shall in particular be concerned with the functions: (a) Ensuring that such reasonable prices as may be determined by the course of such sale or disposal. (b) Appointing through tender (where necessary) any person or agent to buy or conduct a sale or disposal of the goods, andEnsuring that the goods shall not under any circumstances be sold or otherwise disposed of to any importer to whom the goods are or have been consigned or to any person, firm or agent connected therewith.

Audit observed that:

i. Two thousand, nine hundred and twenty seven (2,927) containers valued at ₦9,346,702,928.00 (Nine billion, three hundred and forty six million, seven hundred and two thousand, nine hundred and twenty eight naira), were abandoned at the APMT Terminal Apapa as shown in the Overtime Cargo List (OCL) submitted by APMT on 15th March 2019.
ii. The containers in (i) above, which ought to have beentransferred to Ikorodu Government Warehouse in compliance with the overtime cargo clearance procedures and CEMA sections 31 (1,2,4,5 & 9), 167(1) Cap 84 LFN 2004 (as amended), had no detailed description of goods and Duty Paid Value (DPV), and
iii. There was no reason to justify the abandonment of the containers at the APMT Terminals in contravention of the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Tincan Island Command, Lagos.

Risks

i. Loss of assets value.
ii. Possible pilferage.
iii. Loss of government revenue.

Management's Response

No response.

Recommendations

The Comptroller-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the abandonment of two thousand, nine hundred and twenty seven (2,927) containers at APMT Terminals valued at ₦9,346,702,928.00 (Nine billion, three hundred and forty six million, seven hundred and two thousand, nine hundred and twenty eight naira).
ii. Auction the contents of the Containers and remit the proceeds to the Treasury.
iii. Forward evidence of remittance of the proceeds to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations 2009 respectively, should apply.

ABEOKUTA/IDI-IROKO COMMAND

ISSUE 9: ABANDONMENT OF SEIZED CARS AT ABEOKUTA/IDI-IROKO COMMAND

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act (CEMA), 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section 1 of this section and shall in particular be concerned with the functions: a. Ensuring that such reasonable prices as may be determined by the course of such sale or disposal. b. Appointing through tender (where necessary) any person or agent to buy or conduct a sale or disposal of the goods, and c. Ensuring that the goods shall not under any circumstances be sold or otherwise disposed of to any importer to whom the goods are or have been consigned or to any person, firm or agent connected therewith."

Audit observed that:

i. On hundred and forty two (142) vehicles of various types seized at the Abeokuta were abandoned. These vehicles were classed into trucks, tankers, buses, cars and Sport Utility Vehicles.
ii. At Idi-Iroko, two hundred and one (201) units of motor vehicles of various types were also abandoned, and Duty Paid Value (DPV) not given at the time of the audit, and
iii. Some of thevehicles were abandoned for over ten (10) years.

The above anomalies could be attributed to weaknesses in the internal control system at the Abeokuta/Idi-Iroko Command.

Risks

i. Mismanagement of public resources.
ii. Loss of assets value.
iii. Loss of government revenue.

Management's Response

No response.

Recommendations

The Comptroller-General of Customs should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-disposal of abandoned vehicles.
ii. Auction the vehicles and remit the proceeds to the Treasury.
iii. Forward evidence of remittance of the proceeds to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations 2009 respectively, should apply.

ISSUE 10: UNREPORTED LOSS OF FORTY (40) VEHICLES (=₦34,444,333.00)

Paragraph 2602 of the Financial Regulations (FR) 2009 states "A loss of stores, plant, equipment, etc may be written-off under the personal authority of the Accounting Officer, provided that: (a) The original cost or the estimated value of a unit of each item, whichever is applicable, does not exceed ₦20,000:00, and the sum total of the value of the items does not exceed ₦100,000.00." Furthermore, paragraph 2606 of the FR 2009 states "On receipt of the reports of the loss, the Accounting Officer shall: …(ii) If the loss does not fall under Financial Regulation 2602, he shall: (a) send immediately brief details of the loss in writing to the Accountant-General and the Auditor-General within 14 days. (b) request the convening of a Board of Enquiry if he considers that the circumstances of the loss warrant such an investigation…" Also, paragraph 2605 (b) of the FR 2009 requires that a Board of Enquiry should be held if the loss exceeds ₦100,000.00.

Audit observed that:

i. Forty (40) serviceable vehicles valued at ₦34,444,333.00 (Thirty four million, four hundred and forty four thousand, three hundred and thirty three naira) were completely burnt at the Sentry area Idi-Iroko, and
ii. The incident in (i) above was not reported by the Accounting Officer to the Accountant-General and the Auditor-General within 14 days as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Abeokuta/Idi-Iroko Command.

Risks

i. Loss of stores.
ii. Waste of public assets.
iii. Loss of government revenue.

Management's Response

No response.

Recommendations

The Comptroller-Generalshould be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the non reporting of loss of forty (40) serviceable vehicles valued at ₦34,444,333.00 (Thirty four million, four hundred and forty four thousand, three hundred and thirty three naira).
ii. Recover and remit the sum of ₦34,444,333.00 to the Treasury.
iii. Forward evidence of remittance to the Public Account Committees of the National Assembly, and
iv. Otherwise, sanction relating to gross misconduct in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 11: ABANDONMENT OF SEIZURES

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act, CEMA) 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section

1 of this section and shall in particular be concerned with the functions: (a) Ensuring that such reasonable prices as may be determined by the course of such sale or disposal. (b) Appointing through tender (where necessary) any person or agent to buy or conduct a sale or disposal of the goods, and (c) Ensuring that the goods shall not under any circumstances be sold or otherwise disposed of to any importer to whom the goods are or have been consigned or to any person, firm or agent connected therewith.

Audit observed that:

i. Eight thousand, nine hundred and four (8,094) bags of (50kg) rice valued at ₦82,558,800.00 (Eighty two million, five hundred and fifty eight thousand, eight hundred naira) were abandoned at the Government Warehouse Idi-Iroko.
ii. One thousand, and thirty eight (1,038) jerrycans of vegetable (25 litres) oil valued at ₦10,368,000.00 (Ten million, three hundred and sixty eight thousand naira) were similarly abandoned at the ware house.
iii. Other abandoned seizures were one hundred and twenty (120) bags of (50kg) sugar, one hundred and sixty (160) pieces of used tyres, fifteen (15) cartons of children's rubber shoes, forty four (44) bales of second hand clothing, one thousand, nine hundred and ninety three (1,393) pieces of ladies' handbags and three thousand, seven hundred (3,700) pairs of used foot wears, and
iv. These items were damaged and not fit for human consumption.

The above anomalies could be attributed to weaknesses in the internal control system at Abeokuta/Idi-Iroko Command.

Risks

i. Recycling of damaged products to the society.
ii. Waste of public assets.
iii. Loss of government revenue.

Management's Response

No response.

Recommendations

The Comptroller-General of Customs should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the various consumable and non consumable items which were abandoned at the Government Warehouse Idi-Iroko.
ii. Forward evidence of destruction of the the spoiled items abandoned at the warehouse to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations 2009 respectively, should apply.

OYO/OSUN AREA COMMAND

ISSUE 12: ABANDONED SEIZURES (=₦175,347,710.00)

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act (CEMA), 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section 1 of this section and shall in particular be concerned with the functions: a. Ensuring that such reasonable prices as may be determined by the course of such sale or disposal. B. Appointing through tender (where necessary) any person or agent to buy or conduct a sale or disposal of the goods, and c. Ensuring that the goods shall not under any circumstances be sold or otherwise disposed of to any importer to whom the goods are or have been consigned or to any person, firm or agent connected therewith." Also, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The sum of ₦175,347,710.00 (One hundred and seventy five million, three hundred and forty seven thousand, seven hundred and ten naira) was Duty Paid Value for bags of rice, vegetable oil,second-hand clothing, shoes and motor vehicles seized and abandoned at the Oyo/Osun Command.
ii. Five hundred and eighty four (584) bags of 50kg rice were claimed to have been damaged, and
iii. Relevant supporting documents such as Seizure Register, Detention Register, Releases Register, Transfer Register and Damage Register, etc, were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Oyo/Osun Command.

Risks

i. Mismanagement of public resources.
ii. Loss of assets value.
iii. Loss of government revenue.

Management's Response

No response.

Recommendations

The Comptroller-Generalshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the abandonment of seizures valued at ₦175,347,710.00 (One hundred and seventy five million, three hundred and forty seven thousand, seven hundred and ten naira).
ii. Auction the seizures and remit proceeds to the Treasury.
iii. Forward evidence of remittance of the proceeds to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations 2009 respectively, should apply.

KADUNA/KATSINA COMMAND

ISSUE 13: NON-ADHERENCE TO DUE PROCESS IN THE SALE OF SERVICEABLE VEHICLES AND MOTORCYCLES AS SCRAP (=₦39,915,000.00)

Paragraph 2965 of the Financial Regulations (FR) 2009 states "The Accounting Officer of a disposing entity shall cause a valuation report to be prepared by an independent evaluator or such professional with the appropriate competence on public property intended to be disposed of before such property is listed for disposal." Section 56(1) of the Public Procurement Act (PPA) 2007 states "Before slating any public property for disposal, the Accounting Officer (whether acting in his own authority or at the direction of any superior or other authority) in charge of any public property set for disposal shall authorize the preparation of a valuation report for such property by an independent evaluator or such professional with the appropriate competence to carry out the valuation." Also, Government Warehouse Code 35&36 provides for an advertisement for disposal of goods deposited in government warehouses before disposal in order to create awareness. Conclusively, the disposal of assets referred to in subsection (2) of this section shall be deemed to take place when the most advantageous returns can be obtained for the assets in order to maximize revenue accruing to the government."

Audit observed that:

i. Seven hundred and seventy nine (779) units of serviceable cars and thirty seven (37) serviceable buses were sold as scrap to a company for ₦38,250,000.00 (Thirty eight million, two hundred and fifty million naira).
ii. Three hundred and thirty three (333) units of serviceable motorcycles were also sold to the same company at ₦1,665,000.00 (One million six hundred and sixty five thousand naira), making a total of ₦39,915,000.00 (Thirty nine million, nine hundred and fifteen thousand naira).
iii. The vehicles and motorcycles were intercepted under serviceable condition by the Enforcement Units of Federal Operation Zone B, and Kaduna/Katsina Patrol Team.
iv. Evidence of compliance with public procurement due process such as advertisement, bids, valuation report for such property by an independent evaluator, etc, was not produced for audit, and
iv. Despite the fact that procurement due process was not followed in the sale, the company paid installmentally.

The above anomalies could be attributed to weaknesses in the internal control system at the Kaduna/Katsina Command.

Risks

i. Loss of government revenue.
ii. Misappropriation of government assets.
iii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Comptroller-Generalshould be requested to:

i. Justify to the Public Account Committees of the National Assembly, the circumvention of extant regulations by scrapping of government assets at ridiculously low price of ₦39,915,000.00 (Thirty nine million, nine hundred and fifteen thousand naira), and
ii. Otherwise, sanctions relating topremature scrapping of and/or sale of government asset(s) at a ridiculously low price, irregular award of contractspecified in paragraphs 3114 and 3117 of the Financial Regulations 2009 respectively, should apply.

KANO/JIGAWA AREA COMMAND

ISSUE 14: ABANDONMENT OF OVER 300 VEHICLES IN GOVERNMENT WAREHOUSE

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act (CEMA), 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section 1 of this section and shall in particular be concerned with the functions: a. Ensuring that such reasonable prices as may be determined by the course of such sale or disposal. b. Appointing through tender (where necessary) any person or agent to buy or conduct a sale or disposal of the goods, and c. Ensuring that the goods shall not under any circumstances be sold or otherwise disposed of to any importer to whom the goods are or have been consigned or to any person, firm or agent connected therewith."

Audit observed that:

i. Over three hundred (300) vehicles of various types and sizes, most of which have been boarded were still littering the Government Warehouse premises without being disposed.
ii. Some of the vehicles were seized more than a decade ago, and the area where they were kept was overgrown with grasses, and
iii. No reason was given to justify the abandonment of the vehicles at the Kano/Jigawa Area Command Government Warehouse for over a decade.

The above actions could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Kano/Jigawa Area Command.

Risks
i. Waste of government resources.
ii. Loss of government revenue

Management's Response
No response.

Recommendations

The Comptroller-Generalshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the abandonment of over 300 vehicles in government warehouse in contravention of provisions of Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act (CEMA), 2004.
ii. Dispose the vehicles and remit proceeds to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations 2009 respectively, should apply.

FEDERAL OPERATIONS UNIT ZONE 'C' OWERRI

ISSUE 15: FAILURE TO TRANSFER SIEZED MEDICAMENTS/BANNED DRUGS TO APPROPRIATE GOVERNMENT AGENCIES (=₦1,065,015,582.00)

Code 8 of the Instructionsprovides for goods which are not to be deposited in Government Warehouse such as corrugated iron sheets, fireworks, inflammable articles, chemical substances, used tyres, trucks used as means of conveyances, containers carrying combustible or inflammable goods or chemical. In addition, paragraph 2129 of the Financial Regulations (FR) 2009 states "The Accounting-Officer is responsible for the general supervision and control of stores and stores accounts of his ministry/extra-ministerial office and other arms of government. Similarly, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Also, paragraph 112(i) of the FR 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;"

Audit observed that:

i. A total of ₦1,065,015,582.00 (One billion, sixty five million, fifteen thousand, five hundred and eighty two naira) worth of drugs/narcotics, classified as seizure between 2015 and 2018 by the FOU Zone 'C' Owerri, were dumped at various Government Warehouses at the Zone, and
ii. The seizure reports showing detailed description of goods seized contained no information about the location of the Government Warehouses and the Commands where the seizures indicated in (i) above can be verified.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Federal Operation Unit Zone "C", Owerri.

Risks

i. Mismanagement of public resources.
ii. Recycling of the banned drugs into the society.

Management's Response
No response.

Recommendations
The Comptroller-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the failure to destroy or transfer seized medicaments/banned drugs value at ₦1,065,015,582.00 (One billion, sixty five million, fifteen thousand, five hundred and eighty two naira), to appropriate government agencies.
ii. Provide evidence of destruction of the banned (illicit) drugs to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 16: INADEQUATE INFORMATION ON SEIZURES WITH DUTY PAID VALUE (=₦9,492,836,760.03)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 110 of the Financial Regulations (FR) 2009 states "By virtue of the responsibilities and functions of the Auditor-General, his representatives shall, at all reasonable times have access to books, files, safe, security, documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of government or units. They shall also be entitled to enquire and receive from members of the public service such information, reports and explanations as they may deem necessary for the proper performance of their functions." Similarly, paragraph 603 (i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i. Various seizures made between 2015 and 2018, valued at ₦9,492,836,760.03 (Nine billion, four hundred and ninety two million, eight hundred and thirty six thousand, seven hundred and sixty naira, three kobo) did not contain basic information where they could be verified.
ii. This made it difficult for the audit team to validate the quantities, rates and amounts disclosed per seizure, in addition to the inconsistencies in the Harmonised System(HS) Codes which indicated faulty valuations, and
iii. The actions in (i) and (ii) above violated provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Federal Operation Unit Zone "C", Owerri.

Risks
i. Possible pilferage.
ii. Misappropriation of assets.
iii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Comptroller-General should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the duty paid value of ₦9,492,836,760.03 (Nine billion, four hundred and ninety two million, eight hundred and thirty six thousand, seven hundred and sixty naira, three kobo), for various seizures made between 2015 and 2018, without basic information on where they could be verified, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 17: ABANDONMENT OF ARMS, GADGETS AND MILITARY UNIFORMS (=₦63,504,000.00)

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;"
Audit observed that:
i. Ninety (90) pairs of military camouflage uniform, ninety seven (97) pieces of military camouflage jungle hats, two hundred and two (202) pieces of military camouflage jungle singlets, forty (40) pairs of military jungle boots, ten (10) pieces of military khaki materials, a container with registration number MRSU304029/8 45G1 with military wares, seven thousand and five hundred and sixty (7,560) packs of cartridges (made of 189,000 pieces), all valued at ₦63,504,000.00 (Sixty three million, five hundred and four thousand naira) were seized on the 16th of July 2018.
ii. The seizures in (i) above were not transferred to the appropriate government agencies in contravention of extant rules.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Federal Operation Unit Zone "C", Owerri.

Risks
i. Recycle items getting into the wrong hands.
ii. Misappropriation of goods.

Management's Response
No response.

Recommendations

The Comptroller-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why the items values at ₦63,504,000.00 (Sixty three million, five hundred and four thousand naira), were not transferred to the appropriate government agencies.

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦63,504,000.00, and

iii. Otherwise, sanction relating to gross misconduct in paragraph 3129 of the Financial Regulations 2009 should apply.

PORT HARCOURT II, ONNE COMMAND

ISSUE 18: ABANDONMENT OF SEIZURES WITH DUTY PAID VALUE (=₦465,447,543.00)

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act (CEMA), 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section 1 of this section and shall in particular be concerned with the functions: a. Ensuring that such reasonable prices as may be determined by the course of such sale or disposal. b. Appointing through tender (where necessary) any person or agent to buy or conduct a sale or disposal of the goods, and c. Ensuring that the goods shall not under any circumstances be sold or otherwise disposed of to any importer to whom the goods are or have been consigned or to any person, firm or agent connected therewith."

Audit observed that:

i. Seizures with Duty Paid Value (DPV) of ₦465,447,543.00 (Four hundred and sixty five million, four hundred and forty seven thousand, five hundred and forty three naira) at Onne Area Command, Port Harcourt II were abandoned at the Port Harcourt II Command, Onne, and.

ii. This action was in violationof the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Port Harcourt II, Onne Area Command.

Risks

i. Loss of government revenue.

ii. Waste of resources

Management's Response

No response.

Recommendations

The Comptroller-Generalshould be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the abandonment of seizures with Duty Paid Value (DPV) of ₦465,447,543.00 (Four hundred and sixty five million, four hundred and forty seven thousand, five hundred and forty three naira).
ii. Dispose and remit the proceeds to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations 2009 respectively, should apply.

ISSUE 19: ABANDONMENT OF SCRAP METAL AND UNPROCESSED WOOD (=₦249,783,158.00)

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act (CEMA), 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section 1 of this section and shall in particular be concerned with the functions: a. Ensuring that such reasonable prices as may be determined by the course of such sale or disposal. b. Appointing through tender (where necessary) any person or agent to buy or conduct a sale or disposal of the goods, and c. Ensuring that the goods shall not under any circumstances be sold or otherwise disposed of to any importer to whom the goods are or have been consigned or to any person, firm or agent connected therewith."

Audit observed that:

i. Seizures worth ₦249,783,158.00 (Two hundred and forty nine million, seven hundred and eighty three thousand, one hundred and fifty eight naira) were abandoned at the Command's Warehouse, instead of disposing them off.
ii. The seizures included:
    a. Scrap metals in eight (8) number of 20 feet containers valued at ₦123,092,160.00 (One hundred and twenty three million, ninety two thousand, one hundred and sixty naira), and
    b. Unprocessed wood in nineteen (19) number of 20 feet containers valued at ₦126,690,998.00 (One hundred and twenty six million, six hundred and ninety thousand, nine hundred and ninety eight naira), and
iii. No reason was given why the items in (ii) above were abandoned, contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Onne Area Command, Port Harcourt II.

Risks

i. Loss of government revenue.
ii. Economic waste arising from negligence.

Management's Response

No response.

Recommendations

The Comptroller-General of Customs should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the abandonment of scrap metal and unprocessed wood valued at ₦249,783,158.00 (Two hundred and forty nine million, seven hundred and eighty three thousand, one hundred and fifty eight naira).
ii. Dispose and remit the proceeds to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations 2009 respectively, should apply.

FEDERAL MINISTRY OF FINANCE, BUDGET AND NATIONAL PLANNING (BUDGET AND NATIONAL PLANNING)

At the Federal Ministry of Finance, Budget and National Planning, the following observations were made:

ISSUE 1: DIVERSION OFCONTRACT PAYMENTS INTO STAFF ACCOUNT (=₦45,214,294.05)

Paragraph 613 of the Financial Regulations (FR) 2009 states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required…" Also, paragraph 713 of the FR 2009 states "Personal money shall in no circumstances be paid into a government bank account, nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention."

Audit observed that:

i. The sum of ₦45,214,294.05 (Forty five million two hundred and fourteen thousand, two hundred and ninety four naira, five kobo) in favour of three different contractors was paid into the private account of an officer of the Ministry.
ii. The sum of ₦4,295,244.38 (Four million, two hundred and ninety five thousand, two hundred and forty four naira, thirty eight kobo) for equipping and installation of office furniture in the main office of the Honourable Minister, Ministry of Budget and National Planning was paid to the officer's account through voucher No. MBNP/CAP/12/20 dated 18th May, 2020.
iii. The sum of ₦3,950,625.00 (Three million, nine hundred and fifty thousand, six hundred and twenty five naira) was equally paid into the same account instead of the Contractor's account.

iv. Payment for an Insurance Broker amounting to ₦12,942,990.59 (Twelve million, nine hundred and forty two thousand, nine hundred and ninety naira, fifty nine kobo) was paid into the officer's GTB account instead of the broker's bank account, and
v. The sum of ₦24,025,434.08 (Twenty four million, twenty five thousand, four hundred and thirty four naira, eight kobo) was paid to the same officer's account instead of the actual contractor/beneficiary.

The above anomalies could be attributed to weaknesses of the internal control system at the Federal Ministry of Finance, Budget and National Planning.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

Your observation in this regard is in order. Although the development negates the relevant sections of the Financial Regulations, the following were the reasons:

The migration from GIFMIS 1 to GIFMIS 2 at that period distorted the payment processes. For instance, the 'Expense Request' module is GIFMIS 1 which was earlier used for the payment of third parties was not also present in GIFMIS 2 platform. As such, the GIFMISplatform required the additional enrolment of role players from the Procurement and Stores Sections. Therefore the delays experienced in the enrolment of the role players to the new platform prompted payments into the officer's personal account to forestall possible litigations from the contractors. Note that the said payments were duly transferred to the beneficiaries, while the necessary tax deductions were also remitted to the relevant Tax Authorities using the Remita platform.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦45,214,294.05 (Forty five million two hundred and fourteen thousand, two hundred and ninetyfour naira, five kobo), paid to a staff of the Ministry instead of the actual beneficiaries.
ii. Recover and remit to the treasury, the sum of ₦45,214,294.41.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: PAYMENT MADE BEFORE RAISING PAID VOUCHERS (=₦13,806,000.00)

Paragraph 601 of the Financial Regulations (FR) 2009 states "All payments entries in the cashbook/account shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favor of the person(s) to whom the money is actually due. Under no circumstances shall a cheque be raised, or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR 2009 states "The Head of Internal Audit

Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..."

Audit observed that:

i. The sum of ₦13,806,000.00 (Thirteen million, eight hundred and six thousand naira) was paid for field data collection for the 2019 National INFRA Report through the GIFMIS payment platform on 7th August, 2020, and
ii. The paid voucher No. MBNP/CAP/035/20 for the transaction was raised on the 10th of August 2020, three (3) days after the payment was made.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Finance, Budget and National Planning.

Risks

i. Diversion of public funds.
ii. Misappropriation of government fund.

Management's Response

Your observation in this regard is quite accurate. But please note that, such payments were not made to break the rules as stated by the Financial Regulations and Extant Circulars, but only in occasions where urgent and immediate activities are to be carried out by the Ministry. Also note that, these payments are usually backed with necessary approvals and authorizations, while relevant records are perfected as soon as the objective of such payments is achieved.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,806,000.00 (Thirteen million, eight hundred and six thousand naira) paid without raising voucher, and
ii. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations2009, should apply.

ISSUE 3: PAYMENT FOR OVERSEAS TRAVELS WITHOUT APPROVAL (=₦19,690,031.00)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The sum of ₦19,690,031.00 (Nineteen million, six hundred and ninety thousand, thirty one naira) was spent on foreign travels, and
ii. There was no evidence to show that approvals were duly obtained from the Head of theCivil Service of the Federation before payments were made as required by extantregulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Finance, Budget and National Planning.

Risks

i. Loss of government funds.
ii. Payment for services not rendered.
iii. Diversion of public funds.

Management's Response

Note that, delegates are nominated to attend some of the trips only when adequate funds are available and such travel costs are usually captured in the annual approved departmental budgets of the relevant departments or cost centres. Secondly, the Head of Service's waiver/approvals for foreign trips issued in the earlier circulars are strictly adhered to for the processing of foreign trips. Accordingly, necessary approvals are obtained from the Office of the Head of Civil Service of the Federation where necessary before such trips are embarked on.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦19,690,031.00 (Nineteen million, six hundred and ninety thousand, thirty one naira) spent on foreign travels without evidence of approvals.
ii. Recover and remit to the Treasury, the sum of ₦19,690,031.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 4: ABUSE OF REIMBURSABLE EXPENSES (=₦23,083,194.97)

Article 5.1.9 of the Public Procurement Manual (2009) states "An individual or a firm or its affiliates providing consulting services for the preparation and implementation of a project (programme), and in order to prevent a conflict of interest, they and their affiliates are disqualified from subsequently providing goods and works for the same project." Also, paragraph 2954(j) of the Financial Regulations (FR) 2009 requires that reimbursable expense provision under a consultancy service shall be for other elements apart from the cost of service, example transportation, lodging, insurance, use of equipment, duties and taxes but never a procurement of store items. Furthermore, paragraph 713 of the FR 2009 states "Personal money shall in no circumstances be paid into a government bank account, nor shall any public

money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention."

Audit observed that:

i. The Ministry awarded contracts to a company in disguise of reimbursable expenses embedded in the original facility maintenance contract, instead of awarding a fresh contract.
ii. The sum of ₦4,114,025.00 (Four million one hundred and fourteen thousand and twenty five naira) was paid for the supply and installation of Executive Loft Corner Adjustable Office Sofa set with Throw Pillows, Coffee Table with Accessories and Freight Charges as reimbursable expenses.
iii. Contract of works amounting to ₦18,969,169.97 (Eighteen million, nine hundred and sixty nine thousand, one hundred and sixty nine naira, ninety seven kobo) was paid but recorded in the accounting books and GIFMIS payment platform as reimbursable expenses, and
iv. The payments in (ii) and (iii) above totaling ₦23,083,194.97 (Twenty three million, eighty three thousand, one hundred and ninety four naira, ninety seven kobo), were made into private accounts of staff of the Ministry instead of the contractor's accounts.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Finance, Budget and National Planning.

Risks

i. Diversion of public funds.
ii. Circumvention of procurement due process.
iii. Misapplication of funds

Management's Response

Your information about the subsisting contract between the Ministry and Oviswift Engineering Ltd. (formerly, Annai Ltd.) to the tune of ₦35,270,072.26 is accurate. However, it should be clearly stated that, there is a reimbursable clause of a maximum of 1 Million Naira per month embedded in the Contract Agreement (See appendix 3) which justifies the payment for all reimbursable expenses. Moreover, the Ministry has taken adequate steps to constitute a 4-man standing committee on Reimbursable Maintenance Costs to ensure that all claims by Oviswift Ltd. are thoroughly scrutinized before payments.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦23,083,194.97 (Twenty three million, eighty three thousand, one hundred and ninety four naira, ninety seven kobo), being reimbursable expenses paid into private accounts.
ii. Recover and remit to the Treasury, the sum of ₦23,083,194.97.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment specified in paragraph Financial Regulations 3106, should apply.

ISSUE 5: IRREGULAR PAYMENT OF PREMIUM MOTOR SPIRIT (=₦22,525,000.00)

Paragraph 2005 of the Financial Regulations (FR) 2009 states "Ministries/extra-ministerial offices and other arms of government shall enter into reasonable agreements with petrol dealers for supply of fuel, on a monthly credit basis. As much as possible cash purchases should be limited to touring duties and emergency cases where supply is not immediately available from the regular supplier." Also, paragraph 713 of the Financial Regulations 2009 states "Personal money shall in no circumstances be paid into a government account, nor shall public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention."

Audit observed that:

i. Fourteen (14) paid vouchers amounting to ₦22,525,000.00 (Twenty two million, five hundred and twenty five thousand naira) were paid to staff of the Ministry to disburse to other staff for purchase of Premium Motor Spirit (PMS) for day to day use of the Ministry's official vehicles, and
ii. The above action did not only contravene the provisions of the extant regulations but also undermined the federal government policy on e-payment.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Finance, Budget and National Planning.

Risks

i. Loss of government fund.
ii. Loss of tax revenue.
iii. Diversion of public funds.

Management's Response

These are allowances normally paid to Departmental Directors and Heads of Unit for running their official vehicles. Note that the stated amount above is a lump sum which comprised several approvals by the Permanent Secretary based on the relevant threshold. As part of the Internal Control measures in place, the Internal Audit Unit ensures that beneficiaries retire amounts collected at the end of each period. This is to further underscore the importance of transparency and accountability in Public Financial Management.

Recommendations

i. The Permanent Secretary should be requested to:
ii. Account to the Public Accounts Committees of the National Assembly, the payment of ₦22,525,000.00 (Twenty two million, five hundred and twenty five thousand naira) being irregular payment of Premium Motor Spirit (PMS).
iii. Recover and remit to the Treasury, the sum of ₦22,525,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular or wrong payment and failure to spend public funds effectively, specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 6: UNRETIRED CASH ADVANCES (=₦141,971,777.00)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦141,971,777.00 (One hundred and forty one million, nine hundred and seventy one thousand, seven hundred and seventy seven naira) was granted to officers of the Ministry as cash advance.
ii. Theadvances were not recorded in the ledger and register, and some were not retired as at the time of the audit, and
iii. Multiple advances were also granted to staff without retiring the previous advances, in contravention of the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Finance, Budget and National Planning.

Risks

i. Loss of public funds.
ii. Diversion of of public funds.
iii. Difficulty in funding budget.

Management's Response

Your observation on the above subject is noted. Presently, the desk officer in charge of Advances has been directed by the Department of Finance and Accounts to commence the process of retirement by notifying relevant officers to do the needful. Extra steps have also been taken by the Internal Audit Unit to ensure that, no further Advances are granted to such officers until all unretired Advances are cleared.

As at the time of this response, over ₦90,000.000.00 (Ninety million naira) of the unretired personal advance had been retired. This represents over 60%. Samples of some of the retirement vouchers are attached for verification. Also the management is making efforts to ensure that the balance of the unretired are retired as quickly as possible. Staffs with unretired advances had being issued final reminder for the retirement of their respective personal advances."

Recommendations

The Permanent Secretaryshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦141,971,777.00 (One hundred and fortyone million, nine hundred and seventyone thousand, seven hundred and seventyseven naira), being unretired advances.
ii. Recover and remit to the Treasury, the sum of ₦141,971,777.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

v. Otherwise, sanctions relating to failure to manage public funds effectively and non-retirement of advances and imprest specified in paragraphs 3115 and 3124 of the Financial Regulations 2009 respectively, should apply.

NIGERIA CUSTOMS SERVICE HEADQUARTERS, ABUJA

During the audit examination of accounts and records of Nigeria Customs Service (NCS) Headquarters, Abuja for the year 2019, the following observations were made:

ISSUE 1: AWARD OF CONTRACTS WITHOUT DUE PROCESS (=₦88,518,000.00)

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided by this Act, all procurement of goods and services by all entities shall be conducted by open competitive bidden.'' Also, paragraph 2921(i) of the Financial Regulations 2009 states "Except as exempted under the procurement Act, all procurement of goods, works and services shall be by way of open competitive bidden by which is meant that all contractor/ supplies shall be subject to the same level playing ground….'' Similarly, paragraph 708 of FR states "On no account should payment be made for services not yet performed or goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. Four (4) paid vouchers totaling ₦88,518,000.00 (Eighty eight million, five hundred and eighteen thousand and nine hundred naira) was paid to various contractors without due process being followed.
ii. The award of contracts in serial numbers 1, 2 and 4 in the Table above were above the approval limits of the Comptroller General which is less than ₦2,500,000.00 for supplies, and
iii. Relevant supporting documents such as Store Receipt Vouchers, Contract agreement/ Service Level Agreement (SLA), Minutes of Tender Board approval, etc. were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks

i. Payment for job not executed
ii. Diversion of public funds

Management's Response

No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦88,518,000.00 (Eighty eight million, five hundred and eighteen thousand and nine hundred naira) for four (4) procurement contracts without following due process.
ii. Recover and remit to the Treasury the sum of ₦88,518,000.00.
iii. Forwardevidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to recovery of assets from the contractors and payments for jobs not executed specified in paragraphs 3109 and 3104(iii) of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: PAYMENT FOR DIESEL UNACCOUNTED FOR (=₦39,960,000.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also, paragraph 603(1) of the Financial Regulations 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observed that:

i. The sum of ₦39,960,000.00 (Thirty nine million, nine hundred and sixty thousand naira) was paid to five (5) Contractorsfor the supply of diesel to six (6) operational bases, and
ii. There was no evidence of Store Issued Vouchers (SIV), and the Service failed to indicate the fuel dump where the diesel was stored.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks

i. Loss of public funds.
ii. Payment for goods not supplied.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦39,960,000.00 (Thirty nine million nine hundred and sixty thousand naira), being payment for diesel unaccounted for.
ii. Recover and remit to the Treasury, the sum of ₦39,960,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to payment for job not executed, specified in paragraph 3104(iii) of the Financial Regulations 2009 should apply.

ISSUE 3: IRREGULAR ENGAGEMENT OF A CONSULTANT (=₦298,820,820.00)

Section 24(1) of the Public Procurement Act (PPA) 2007 state "Except as provided by this Act, all procurement of goods and services by all entities shall be conducted by open competitive bidding.'' Also, paragraph 2921 of the Financial Regulations (FR) 2009 states "Except as exempted under the procurement Act, all procurement of goods, works and services shall be by way of open competitive bidden by which is meant that all contractor/ supplies shall be subject to the same level playing ground.'' Furthermore, paragraph 603 (i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The Service engaged a Consultant to handle the 2019 recruitment exercise at a contract sum of ₦298,820,820.00 (Two hundred and ninety eight million, eight hundred and twenty thousand, eight hundred and twenty naira).
ii. Evidence of procurement due process such as competitive bidding, or a due process certificate of "No Objection" from the Bureau of Public Procurement for adoption of a different procurement method was not produced for audit.
iii. There was no deduction of statutory taxes of ₦17,929,249.20 representing VAT of ₦14,941,041.00 and 1% stamp duty of ₦2,988,208.20, and
iv. Relevant details of execution such as list of centres where the exercise was conducted, list of candidates, contract agreement and report of the recruitment exercise were not produced for scrutiny.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks

i. Loss of government fund.
ii. Loss of government revenue.
iii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Justify to the Pubic Accounts Committees of the National Assembly, the sum of ₦298,820,820.00 (Two hundred and ninety eight million, eight hundred and twenty thousand, eight hundred and twenty naira) being payment for 2019 recruitment exercise without due process and evidence of performance.

ii. Recover the sum of ₦17,929,249.20 representing VAT of ₦14,941,041.00 and 1% stamp duty of ₦2,988,208.20 and remit to the Treasury.
iii. Forward evidence of recovery and remittances to the Pubic Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and failure to collect and account for government revenue specified in paragraphs 3117 and 3112 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: VIOLATION OF FEDERAL GOVERNMENT E-PAYMENT POLICY (=₦89,740,000.00)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorized to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:
i. The sum of ₦89,740,000.00 (Eighty nine million, seven hundred and forty thousand naira) was paid to three (3) officers of Nigerian Customs Service.
ii. The payments were for eight hundred and forty four (844) officers involved in border drilling assignment in Lagos, Ilorin and Katsina for two weeks each, and
iii. The schedule of payment was provided for audit but there was no evidence that the money was actually paid to the beneficiaries, as the account numbers of the officers were also not included in the schedule, and the list was not signed.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks
i. Loss of government fund.
ii. Diversion of public fund.

Management's Response
No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦89,740,000.00 (Eighty nine million, seven hundred and forty thousand naira) being payments made in violation of the e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury the sum of ₦89,740,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment as specified in paragraph 3106 of the Financial Regulations 2009 should apply.

NIGERIA CUSTOMS SERVICE (NCS) HEADQUARTERS, ABUJA (OVERHEAD ACCOUNTS)

At the Nigeria Customs Service (NCS) Headquarters, Abuja for the year 2019 overhead, the following observations were made:

ISSUE 1: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦103,500,000:00)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. Payments totaling ₦103,500,000.00 (One hundred and three million, five hundred thousand naira) were made to some External Solicitors for legal services involving the Service.
ii. Relevant evidence that the Service sought and obtained the approval of the Honourable Minister of Justice and Attorney-General of the Federation before engaging and determining the fees to be paid to the External Solicitors, was not produced for audit, and
iii. Relevant details and records such as cases handled by each firm, breakdown of the sum of money expended on each case, receipts or invoices from the legal firms, Letters of Engagement and Contract Agreements were not produced for audit.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Abuja.

Risks
i. Engagement of unlicensed legal firms.
ii. Payment of excessive legal fees

Management's Response
No response.

Recommendations
The Comptroller General of Customs should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦103,500,000.00 (One hundred and three million, five hundred thousand naira) for the engagement of external solicitors without the approval of the Honourable Minister of Justice and Attorney-General for the Federation.
ii. Recover and remit the sum of ₦103,500,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to spend public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: FAILURE TO KEEP PROPER RECORDS OF ARMS AND AMMUNITIONS

Paragraph 112(i) of the Financial Regulations (FR) 2009 states "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;"

Audit observed that:
i. The arms and ammunition of the Command were kept in a room rather than a fortified Armoury.
ii. Procurements made for new Arms and Ammunition could not be verified due to improper maintenance of Arms and Ammunition Register at FCT Custom Command, and
iii. Evidence of internal checks on the registers was not sight by audit.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Abuja.

Risks
i. Loss of government Assets.
ii. Waste of government resources.
iii. Conversion of government property.

Management's Response
No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Provide justification the Public Accounts Committees of the National Assembly why proper records of Arms and Ammunition were not kept.
ii. Provide to the Public Accounts Committees of the National Assembly, a properly maintained Arms & Ammunition Register, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 3: PAYMENTS FOR STAFF TRAINING WITHOUT ADEQUATE SUPPORTING DOCUMENTS (=₦4,680,000.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances, and rates, so as to enable them to be checked without reference to any other documents will and variably be supported by relevant documents such as local purchase orders, invoice, special letters of authority, time sheets, etc." Also, paragraph 417 of the FR 2009 states "Expenditure shall strictly be classified in accordance with the estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The sum of ₦4,680,000.00 (Four million, six hundred and eighty thousand naira) was paid to Nigerian Army Resource Centre to enable two officers participate in the Harvard Kennedy School Executive Education Program on leadership & Change in Strategic Environment at Nigerian Army Resource Centre from 23rd to 26th March 2020 vide payment voucher number 0624 dated 24thDecember, 2019.
ii. The payment was made from the overhead cost in 2019 for an anticipated training in March 2020, and
iii. Documentary evidence such as course or program time table, certificate of attendance, group photograph etc, to authenticate the expenditure, was not provided for audit.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Abuja.

Risks

i. Diversion of public fund.
ii. Payment for training not attended.

Management's Response

No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the anticipatory payment of ₦4,680,000.00 (Four million, six hundred and eighty thousand naira) on 24th December, 2019 for a training in March, 2020.

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,680,000.00.
iii. Recover and remit to the Treasury the sum of ₦4,680,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to wrong and irregular payment specified in paragraph 3109 of the Financial Regulations 2009 should apply.

ISSUE 4: NON-REMITTANCE OF STATUTORY TAXES (=₦1,935,981,031.99)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the sametime the payee who is the subject of the deduction is paid."

Audit observed that:
i. The sum of ₦1,935,981,031.99 (One billion, nine hundred and thirty five million, nine hundred and eighty one thousand, thirty one naira and ninety nine kobo) was deducted from different contractors as taxes, and
ii. Evidence of remittances to the Federal Inland Revenue Service was not provided for audit.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Abuja.

Risks
i. Loss of government revenue.
ii. Diversion of public funds.
iii. Inability to fund government budget.

Management's Response
No response.

Recommendations
The Comptroller-General of Customs should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,935,981,031.99 (One billion, nine hundred and thirty five million, nine hundred and

eighty one thousand, thirty one naira and ninety nine kobo) being statutory taxes deducted, without remittance to the appropriate authorities.

ii. Remit to the Treasury, the sum of ₦1,935,981,031.99.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to loss of government revenue through VAT & WHT, and failure to collect and account for government revenue specified in paragraphs 234 (ii) and 3112 of the Financial Regulations respectively, 2009 should apply.

ISSUE 5: NON-DEDUCTION AND REMITTANCE OF 1% STAMP DUTY (=₦4,620,571.42)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Also, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:

i. The sum of ₦641,999.74 (Six hundred and forty one thousand, nine hundred and ninety nine naira, seventy four kobo) was not deducted as Stamp Duty from some contracts from Overhead costs.

ii. The sum of ₦3,978,571.68 (Three million, nine hundred and seventy eight thousand, five hundred and seventy one naira, sixty eight kobo) was not deducted as Stamp Duty from some contracts from Capital votes, and

iii. In all, a total of ₦4,620,571.42 (Four million six hundred and twenty thousand five hundred and seventy one naira forty two kobo) was not deducted and remitted to Federal Inland Revenue Service.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Abuja.

Risks

i. Loss of government revenue.

ii. Diversion of public funds.

iii. Inability to fund government budget.

Management's Response

No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,620,571.42 (Four million six hundred and twenty thousand five hundred and seventy one naira forty two kobo) being statutory taxes not deducted and remitted to the appropriate authorities.

ii. Recover and remit to the Treasury, the sum of ₦4,620,571.42.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to loss of government revenue through VAT & WHT, and failure to collect and account for government revenue specified in paragraphs 234 (ii) and 3112 of the Financial Regulations 2009 respectively, should apply.

NIGERIA CUSTOMS SERVICE, HEADQUARTERS

During the audit examination of accounts and records of Nigeria Customs Service (NCS), Headquarters, Abuja for the year 2020 the following observations were made:

ISSUE 1: IRREGULAR CONTRACT AWARD FOR EXPANSION OF NIGERIA CUSTOMS SERVICE CASH MANAGEMENT SOFTWARE (=₦197,843,100.00)

Financial Regulations 2906 states "(i) All contracts or tender falling within the limits of the threshold prescribed by the Bureau for Public Procurements, except as exempted under the Act, shall attract a "Certificate of 'No objection' to award Contract" for such to be seen as validly executed. The Bureau shall issue this certificate only when it is satisfied that all necessary pre-requisites have been complied with.". Also, Paragraph 4 of the Establishment Circular Ref. No. 59736/S.2/C.II/125 dated 31st August, 2018 states "For the avoidance of doubt, MDAs and other government establishments are to relate with and obtain prior approval from National Information Technology Development Agency (NITDA) for the implementation of Information Technology (IT) projects as well as the procurement of locally assembled IT components."

The Audit observed that:
i. A contract for the expansion of NigeriaCustomsServices (NCS) Cash Management Software was awarded for the contract sum of ₦197,843,100.00 (One hundred and ninety seven million, eight hundred and forty-three thousand, one hundred naira) through contract award letter reference number NCSTB/01/S.1A/VOL.XXV11/44 of 14th December, 2020 and paid voucher number 0921.
ii. Documentary evidence of due process such as competitive bidding, Ministerial and Parastatal Tenders Board approvals, Certificate of No Objection from the Bureau of Public Procurement, National Information Technology Development Agency (NITDA) approval etc, were not produced for audit.
iii. The paid voucher for the sum of ₦197,843,100.00 was raised, checked, entered into the Vote Book and passed on 30th December, 2020 while approval and the Job Completion Certificate were signed on 26th May, 2021, five months after raising the paid voucher and without revalidation, and
iv. Records of the existence of previous Cash Management Software, implementation program sign-off, staff training for the software etc were not provided for audit.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Services, Headquarters, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management'sResponse

No response.

Recommendations

The Comptroller General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦197,843,100.00 (One hundred and ninety seven million, eight hundred and forty three thousand, one hundred naira) being irregular contract award for expansion of Nigeria Customs Services Cash Management software.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦197,843,100.00.
iii. Recover and remit to the Treasury, the sum of ₦197,843,100.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦98,978,767.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD /026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

The Audit observed that:

i. The sum of ₦98,978,767.00 (Ninety eight million, nine hundred and seventy eight thousand, seven hundred and sixty seven naira) was granted as cash advances to officers of the Service for the procurement of stores and services.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the Service resulted in the loss of ₦13,362,133.55 (Thirteen million, three hundred and sixty two thousand, one hundred and thirty three naira, fifty five kobo) that would have accrued to the government through taxes.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Services, Headquarters, Abuja.

Risks
i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding government budget.

Management's Response
No response.

Recommendations
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦98,978,767.00 (Ninety eight million, nine hundred and seventy eight thousand, seven hundred and sixty seven naira) to staff as cash advance above the approved threshold.
ii. Recover and remit the sum ₦98,978,767.00 to the Treasury.
iii. Forwardevidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: CONTRACT SPLITTING (=₦33,945,602.20)

Section 20(2) of the Public Procurement Act 2007 states "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organisation of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for:… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method;…"

The Audit observed that:
i. The sum of ₦33,945,602.20 (Thirty three million, nine hundred forty five thousand, six hundred and two naira, and twenty kobo) was awarded for the supply of tyres and accessories, production of ECOWAS Common External Tariff (CET) and renovation of management quarters, and
ii. The contracts were awarded in bits, for instance, the supply of tyres and accessories for patrol pick-up was awarded on the same date 1st June, 2020 and for the same amount (₦2,491,798.40) to four (4) different contractorsin order to circumvent procurement procedures and the approval threshold of the Tenders Board.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Services, Headquarters, Abuja.

Risks
i. Procurement of substandard items.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations

The Comptroller General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦33,945,602.20 (Thirty three million, nine hundred forty five thousand, six hundred and two naira, and twenty kobo) being payment made on contracts splitting.
ii. Recover and remit to the Treasury the sum of ₦33,945,602.20.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: IRREGULARENGAGEMENT OF EXTERNAL SOLICITORS (=₦108,000,000.00)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

The Audit observed that:

i. Payments totaling ₦108,000,000.00 (One hundred and eight million naira) were made to nineteen (19) External Solicitors for legal services involving the Service.
ii. Relevant evidence that the Service sought and obtained the approval of the Honourable Minister of Justice and Attorney-General of the Federation before engaging and determining the fees to be paid to the External Solicitors, was not produced for audit, and
iii. Relevant details and records such as nature of the professional and legal services, background and the current positions on the cases handled by each firm, Letters of Engagement and Contract Agreements were not produced for audit.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Services, Headquarters, Abuja.

Risks

i. Engagement of unlicensed legal firms.
ii. Payment of excessive legal fees

Management'sResponse

No response.

Recommendations

The Comptroller General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦108,000,000.00 (One hundred and eight million naira) for the engagement of external solicitors without the approval of the Honourable Minister of Justice and Attorney-General for the Federation.
ii. Recover and remit the sum of ₦108,000,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to spend public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: IRREGULAR PAYMENT OF CASH ADVANCE FOR PROCUREMENTS (=₦24,106,000.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD /026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

The Audit observed that:
i. The sum of ₦24,106,000.00 (Twenty four million, one hundred and six thousand naira) was granted as cash advances to two (2) officers of the Service for the printing of Nigeria Customs Services Reports (2015 to 2019 Reports) and purchase & installation of Safex Automated Disinfection Spray.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the Service resulted in the loss of ₦3,254,310.00 (Three million, two hundred and fifty four thousand, three hundred and ten naira) that would have accrued to the government through taxes.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks
i. Loss of government revenue.
ii. Diversion of public funds.
iii. Difficulty in funding government budget

Management's Response
No response.

Recommendations

The Comptroller General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦24,106,000.00 (Twenty four million, one hundred and six thousand naira) to staff as cash advance above the approved threshold.
ii. Recover and remit the sum ₦24,106,000.00 to the Treasury.
iii. Forwardevidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 6: PAYMENT FOR SERVICES NOT RENDERED (=₦80,458,675.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also, Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding."

Audit observed that:

i. A consultancy service for training of officers on Business Intelligence and Robotics Process Automation at the contract sum of ₦80,458,675.00 (Eighty million, four hundred and fifty eight thousand, six hundred and seventy five naira) was paid through voucher number 0210 of 19th October, 2020.
ii. The payment in (i) above was for the training of eighty (80) officers on Advance Business Intelligence at the cost of ₦41,752,425.00 (Forty one million, seven hundred and fifty two thousand, four hundred and twenty five naira) and ten (10) officers on Robotics Process Automation at the cost of ₦38,706,250.00 (Thirty eight million, seven hundred and six thousand two hundred and fifty naira), totaling ₦80,458,675.00 (Eighty million, four hundred and fifty eight thousand, six hundred and seventy-five naira).
iii. The sum in (i) above was paid despite an internal memo with reference number NCS/HQ/ICT/S.246 VOL 11 dated 9th October, 2020 from ACG (ICT-MOD) to the Comptroller General of Customs which indicated, in paragraph 3, that the Robotics Process Automation training be put on hold, and
iv. Relevant procurement records such as expression of interest documents, Tenders Board approval, the Contract Agreement and evidence of execution such asattendancelist, certificates of participation, venue of training, training report, and groupphotograph were not made available for audit.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks

i. Loss of government fund.
ii. Diversion of public funds.
iii. Payment for service not rendered.

Management's Response
No response.

Recommendations
The Comptroller General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦80,458,675.00 (Eighty million, four hundred and fifty eight thousand, six hundred and seventy five naira) being payment for services not rendered.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦80,458,675.00.
iii. Recover and remit to the Treasury the sum of ₦80,458,675.00.
iv. Forward evidence of remittance to Public Accounts Committees of National Assembly, and
v. Otherwise, sanctions relating to payment for jobs not executed and gross misconduct specified in paragraphs 3104(iii) and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: IRREGULAR SPONSORSHIP OF STAFF FOR PROFESSIONAL PROGRAMMES (=₦6,678,079.07)

Paragraph 1 of the Establishment Circular with reference No. HCSF/PSO/ 666/11/214 of 1st April, 2009 states "…henceforth, Ministries, Departments and Agencies of Government shall no longer pay annual membership subscriptions, professional fees and other related charges which are linked to the career progression of individual officers to professional bodies/organizations, on behalf of officers in the Service. Henceforth, such professional fees/annual subscriptions should be borne by the affected officers."

The Audit observed that:
i. The sum of ₦6,678,079.07 (Six million, six hundred and seventy seven thousand, seventy nine naira) was paid for the professional development programmes of some officers, and
ii. The payment in (i) above was made as duty tour allowance (DTA) and subscription to professional bodies, in disregard to the provisions of the extant regulations.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks
i. Loss of public funds.
ii. Diversion of public funds

Management's Response
No response.

Recommendations

The Comptroller General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the payment of ₦6,678,079.07 (Six million, six hundred and seventy seven thousand, seventynine naira),being irregular payment for sponsorship of staff for professional programmes.
ii. Recover the sum of ₦6,678,079.07 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 8: UNDER-DEDUCTION OF WITHOLDING TAX (₦15,952,977.35)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." Also, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the sametime the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦125,612,324.32 (One hundred and twenty five million, six hundred and twelve thousand, three hundred and twenty four naira, thirty two kobo) was paid to a consultant for consultancy services rendered, through paid voucher number 005 of 23rd January, 2020.
ii. The sum of ₦15,952,977.35 (Fifteen million, nine hundred and fifty two thousand, nine hundred and seventy seven naira, thirty five kobo) was deducted as five percent (5%) withholding tax instead of the ten percent (10%) applicable tax rate, and
iii. The under deduction of withholding tax in (ii) above, resulted in the loss of revenue amounting to ₦15,952,977.35 (Fifteen million, nine hundred and fifty two thousand, nine hundred and seventy seven naira, thirty five kobo).

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Comptroller General should be requested to:

i. Recover the sum of ₦15,952,977.35 (Fifteen million, nine hundred and fifty two thousand, nine hundred and seventy seven naira, thirty five kobo) from the consultants and remit to the relevant tax authorities.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112(i) of the Financial Regulations should apply.

ISSUE 9: IRREGULAR PAYMENT OF TRAINING COST (=₦4,037,600.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances, and rates, so as to enable them to be checked without reference to any other documents will and variably be supported by relevant documents such as local purchase orders, invoice, special letters of authority, time sheets, etc." Also, paragraph 417 of the FR 2009 states "Expenditure shall strictly be classified in accordance with the estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The sum of ₦4,037,600.00 (Four million and thirty-seven thousand, six hundred naira) was paid to fourteen (14) officers of the Service as Duty Tour and transportation allowances to participate in Policy Strategy and Leadership Course through payment voucher number 0037 of 24th September, 2020, and
ii. The payment was made during the Covid-19 lockdown and was not supported with relevant supporting documents such as Certificates of attendance or participation, Course program, Letter of Invitation to participate in the training program etc.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.
ii. Payment for a service not rendered

Management's Response

No response.

Recommendations

The Comptroller General should be requested to:

i. Recover and remit to the Treasury, the sum of ₦4,037,600.00 (Four million and thirty seven thousand, six hundred naira) being irregular payment for training cost for fourteen (14) officers of the Service.

ii. Forward evidence of remittance to Public Accounts Committee of National Assembly, and
iii. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 10: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦2,415,000.00)

Section 41(1) of the Public Procurement Act (PPA) 2007 states "A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation." Similarly, Section 41(2) of PPA 2007 states "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers."

The Audit observed that:
i. The Service awarded a contract for the supply of ten (10) nos. of Walkie –Talkie for Nigeria Custom Service contingent at the JTF operation in Maiduguri, at a contract sum of ₦2,415,000.00 (Two million, four hundred and fifteen thousand naira) through a Job Order No. NCS/ABJ/PRC/SSUP/59/2020 dated 1st June, 2020, and
ii. The quotations of other bidders as required by the provisions of the extant regulations, were not provided for scrutiny.

Risks
i. Award of contract to incompetent contractor.
ii. Loss of government funds.
iii. Diversion of public funds.

Management'sResponse
No response.

Recommendations
The Comptroller General should be requested to:
i. Justify to the Public Account Committee of National Assembly, the sum of ₦2,415,000.00 (Two million, four hundred and fifteen thousand naira), paid for contract awarded without obtaining quotations from at least three (3) other bidders.
ii. Recover and remit the sum of ₦2,415,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Account Committee of National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract, and irregular payment stated in paragraphs 3117 and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 11: PAYMENT FOR THE SUPPLY OF STORE ITEMS WITHOUT ATTACHING STORE RECEIPT VOUCHER (=₦2,491,309.20)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to

enable them to be checked without reference to any other documents such as local purchase orders, invoices, special letters of authority, time sheets etc." Also, paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O. (see F.R. 2415)."

Audit observed that:

i. The sum of ₦2,491,309.20 (Two million, four hundred and ninety one thousand, three hundred and nine naira twenty kobo) was paid to a contractor for the supply of Tyres and Accessories for patrol pick up at Oyo/Osun command through voucher no 0072 of 23rd June, 2020, and
ii. The Service however, failed to attach Store Received Voucher (SRV) to the paid voucher as evidence that the items were taken on store charge.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Headquarters, Abuja.

Risks

i. Loss of government funds.
ii. Pilferage.
ii. Diversion of public assets.

Management'sResponse

No response.

Recommendations

The Comptroller General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,491,309.20 (Two million, four hundred and ninety one thousand, three hundred and nine naira twenty kobo) being payment for the supply of store items without attaching store receipt voucher.
ii. Recover and remit to the Treasury, the sum of ₦2,491,309.20.
iii. Forward evidence of remittance to Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payment prescribed in Financial Regulations 3106 should apply.

NIGERIA CUSTOMS SERVICE HEADQUARTERS, ABUJA (REVENUE AUDIT)

At the Nigeria Customs Service (NCS) Headquarters, Abuja for years 2018 and 2019 in respect of revenue audit, the following observation was made:

ISSUE 1: NON-RENDITION OF RETURNS OF ARREARS OF REVENUE

Paragraph 227(i) of the Financial Regulations (FR) 2009 states "Accounting Officers who are responsible for the collections of Arrears of Revenue will furnish a return of arrears of revenue due at the 31st December in each year which remain uncollected by 31st March. The Return which will be submitted by the 31st May shall be prepared in triplicate. One copy each sent to the Accountant-General and the Auditor-General while the third retained for a record purpose. In cases where there is no outstanding revenue a nil return should be rendered. The Accountant-General will list in his annual Report these departmental returns for the information of the public account committee." Also, paragraph 227(ii) of the Financial Regulations 2009 states "It is the responsibility of the accounting officers to follow up outstanding items of revenue and take all necessary steps to ensure collections or, where collection is no longer possible, to apply to the ministry of finance for authority for a write-off, explaining the circumstances."

In spite of the above extant regulations:

i. The Nigeria Customs Service did not make available for audit, the Returns of Arrears of Revenue for the financial years 2018 and 2019, and
ii. The action in (i) above prevented audit from ascertaining the outstanding revenue due to the Service

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Abuja.

Risks

i. Loss of government revenue
ii. Diversion of public funds.
iii. Difficulty in funding budget.

Management's Response

No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non rendition of returns of arrears of revenue for the years 2018 and 2019.
ii. Forward the Returns of Arrears of Revenue for the financial years 2018 and 2019 to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

NIGERIA CUSTOMS SERVICE (NCS) CLINIC, KARU

At the Nigeria Customs Service (NCS) Clinic, Karu for the year 2019, the following observations were made:

ISSUE 1: WAREHOUSING OF GOVERNMENT FUNDS IN A COMMERCIAL BANK WITHOUT APPROVAL (=₦333,859,534.91)

Paragraph 2 of the Establishment Circular with Ref. No. HCSF/428/S.1/120 dated 7th August 2015 states "To aid transparency and facilitate compliance with sections 80 and 162 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), all receipts due to the Federal Government or any of her agencies shall be paid into the TSA…" Also, paragraph 3 of the Treasury Circular with Ref. No. TRY/A7&B7/2015/OAGF/CAD/026/V.11/240, dated 5th October, 2015 states "For the avoidance of doubt, all MDAs are to note that no account of any Federal Government MDA is exempted from the TSA/e-Collection policy and any contravention of the Presidential directive will attract strict sanctions."

Audit observed that:

i. The Service incorporated a Nigeria Customs Service Hospital Ltd and opened a commercial bank account number 1015249196 with Zenith Bank Plc for the health facility.
ii. The sum of ₦333,859,534.91 (Three hundred and thirty three million eight hundred and fifty nine thousand five hundred and thirty four naira, ninety one kobo) was to the credit of this account as at 30th August, 2020, and
iii. There was no approval for the name of the health facility and to open a commercial bank account for its operations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service.

Risk

i. Diversion of public funds.
ii. Loss of government funds.

Management's Response

No response.

Recommendations

The Comptroller General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦333,859,534.91 (Three hundred and thirty three million eight hundred and fifty nine thousand five hundred and thirty four naira, ninety one kobo), being government funds warehoused in a commercial bank without approval.
ii. Recover and remit the sum of ₦333,859,534.91 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: IRREGULAR REMITTANCE OF PROCEEDS FROM SALE OF DRUGS (=₦122,159,335.00)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November, 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:

i. The sum of ₦191,546,946.97 (One hundred and ninety one million, five hundred and forty six thousand, nine hundred and forty six naira, ninety seven kobo) was paid to eight (8) contractors, between January and December 2019, for procurement of drugs and consumables at the Nigeria Customs Service Hospital, Karu, and
ii. The proceeds from the sales in (i) above amounting to ₦122,159,335.00 (One hundred and twenty two million one hundred and fifty nine thousand three hundred and thirty five naira) was paid into the Zenith Bank account number 1015249196, instead of the TSA.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service (NCS) Clinic, Karu.

Risks

i. Loss of revenue to government.
ii. Diversion of public funds.
iii. Difficulty in funding government budget.

Management's Response

No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦122,159,335.00 (One hundred and twenty two million one hundred and fifty nine thousand three hundred and thirty five naira), being irregular remittance of proceeds from sale of drugs.
ii. Recover and remit to the Treasury, the sum of ₦122,159.335.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

NIGERIA CUSTOMS SERVICE, KLT AREA COMMAND, LAGOS

At Nigeria Customs Service, KLT Area Command, Lagos for the period ended 31st December, 2019, the following observation was made:

ISSUE 1: PAYMENTS MADE WITHOUT AUTHORIZATION (=₦3,000,000.00)

Paragraph 609(i) of the Financial Regulations (FR) 2009 states "All paid vouchers shall be passed to checking section for checking to ensure that all the requirements of a valid voucher are on the payment voucher." Also, paragraph 112(i) of the FR 2009 states "The functions of the Accounting Officer shall include: …(b) ensuring that the essential management control tools are put in place to minimize waste and fraud;…"

Audit observed that:

i. The total payment of ₦3,000,000.00 (Three million naira) was made in September 2019 at KLT Area Command, Lagos, and
ii. The payments in (i) above had no approvals and necessary authorizations, contrary to provisions of extant regulations.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs service, KLT Area Command, Lagos.

Risks

i. Loss of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Comptroller General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦3,000,000.00 (Three million naira), being payments made without authorization.
ii. Recover and remit to the Treasury, the sum of ₦3,000,000.00.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

NIGERIA CUSTOMS SERVICE, MURTALA MOHAMMED INTERNATIONAL AIRPORT - 2, IKEJA

At Nigeria Customs Service, Murtala Mohammed International Airport (MMIA) - 2, Ikeja for the period ended 31st December, 2019, the following observation was made:

ISSUE 1: PAYMENTS MADE WITHOUT AUTHORIZATION (=₦3,000,000.00)

Paragraph 609(i) of the Financial Regulations (FR) 2009 states "All paid vouchers shall be passed to checking section for checking to ensure that all the requirements of a valid voucher are on the payment voucher." Also, paragraph 112(i) of the FR 2009 states "The functions of

the Accounting Officer shall include: …(b) ensuring that the essential management control tools are put in place to minimize waste and fraud;…"

Audit observed that:
i. The total payment of ₦3,000,000.00 (Three million naira) was made at the Murtala Mohammed International Airport (MMIA) - 2, Ikeja, and
ii. The paid vouchers raised were not stamped 'checked and passed for payment', and were not entered into the Vote Book, contrary to provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, MMIA-2, Ikeja, Lagos.

Risks
i. Loss of public funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Comptroller General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦3,000,000.00 (Three million naira), being payments made without authorization.
ii. Recover and remit to the Treasury, the sum of ₦3,000,000.00.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

NIGERIA CUSTOMS SERVICE, OGUN 1 (IDI-IROKO)

At the Nigeria Customs Service, Ogun 1, (Idi-Iroko) for the year 2019, the following observation was made:

ISSUE 1: ABANDONED SEIZURES AT GOVERNMENT WAREHOUSE IN OGUN 1 AREA COMMAND ABEOKUTA (=₦1,936,174,158.00)

Section 2(2) of the Customs and Excise Management (Disposal of Goods) Act, CEMA) 2004 states "For the purposes of this Act, the Director/Comptroller-General of customs shall generally have the power to sell or otherwise dispose of any goods forfeited pursuant to section 1 of this section and shall in particular be concerned with the functions: (a) Ensuring that such reasonable prices as may be determined by the course of such sale or disposal. (b) Appointing through tender (where necessary) any person or agent to buy or conduct a sale or disposal of the goods, and (c) Ensuring that the goods shall not under any circumstances be sold or otherwise disposed of to any importer to whom the goods are or have been consigned or to any person, firm or agent connected therewith.

Audit observed that:

i. Items worth ₦1,936,174,158.00 (One billion, nine hundred and thirty six million, one hundred and seventy four thousand, one hundred and fifty eight naira) were found at Government Warehouse in Ogun 1 Area Command Abeokuta as shown below, and

		₦
Unserviceable Motor Vehicles	=	1,466,525,120.00
Spoilt Rice	=	468,261,000.00
Other damaged items	=	1,388,038.00
Total	**=**	**1,936,174,158.00**

ii. Some of the items in (i) above were over ten (10) years, spoilt, damaged and no longer fit for consumption.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Ogun 1, (Idi-Iroko).

Risks

i. Loss of government revenue.
ii. Warehouse congestion.
iii. Pilferage

Management's Response

No response.

Recommendations

The Comptroller General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,936,174,158.00 (One billion, nine hundred and thirty six million, one hundred and seventy four thousand, one hundred and fifty eight naira), being abandoned seizures at the Government Warehouse in Ogun 1 Area Command Abeokuta.
ii. Auction the seizures and remit proceeds to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations 2009 respectively, should apply.

NIGERIA CUSTOMS SERVICE, SEME AREA COMMAND

At Nigeria Customs Service, Seme Area Command, for the year 2019, the following observations were made:

ISSUE 1: STORE PURCHASES NOT TAKEN ON STORE LEDGER CHARGE (=₦4,970,000.00)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed." In addition, paragraph 708 of the Financial Regulations 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The Service procured stores amounting to ₦4,970,000.00 (Four million, nine hundred and seventy thousand naira) in 2019, and
ii. The items in (i) above were not taken on store charge, in violation of provisions of extant regulations.

The anomalies could be attributed to weaknesses in the internal control system at the Nigeria Customs Service, Abuja.

Risks

i. Loss of government asset.
ii. Diversion of government fund.

Management's Response

No response.

Recommendations

The Comptroller General of Customs should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦4,970,000.00 (Four million nine hundred and seventy thousand naira), being store purchases not taken on store ledger charge.
ii. Recover and remit the sum of ₦4,970,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT (FMITI) FOR THE YEAR ENDED 31ST DECEMBER, 2020

At the Federal Ministry of Industry, Trade and Investment, Abuja, the following observations were made:

ISSUE 1: MISAPPLICATION OF FUNDS (=₦125,667,600.00)

Paragraph 417 of the Financial Regulations (FR), 2009, states "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The sum of ₦125,667,600.00 (One hundred and twenty five million, six hundred and sixty seven thousand, six hundred naira) was the Special Intervention Fund released to the Ministry.
ii. The sum in (i) above, was used to offset mostly Staff claims of Death Benefits, Repatriation Allowances to Officers that retired from Service and 1st 28 Days in-lieu of Accommodation for Officers on posting through Payment voucher no GIFMIS WARRANT AO1-00006496, and
iii. The sum of ₦103,270,000.00 (One hundred and three million, two hundred and seventy thousand naira) was paid through Paid Voucher No. FMITI/SWV/PV/042 OF 26th March, 2020, without evidence of appropriation.

The above anomalies could be attributed to weaknesses in the internal control system atthe Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government assets.
ii. Diversion of government funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦125,667,600.00 (One hundred and twenty five million, six hundred and sixty seven thousand, six hundred naira) being payments without evidence of appropriation.
ii. Recover and remit the sum of ₦125,667,600.00 to the Treasury.
iii. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly; and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: VIOLATION OF E- PAYMENT (=₦20,000,000.00)

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. Three (3) payments amounting to ₦20,000,000.00 (Twenty million naira) were made to three officers on behalf of the Nigerian Investment Promotion Commission (NIPC), as Intervention for an interim injunction emanating from a lawsuit without evidence that the ultimate beneficiaries (NIPC) got the funds as shown in the Table below, and

S/N	DATE	PV NO	AMOUNT (₦)
1.	30/03/2020	FMITI/SWV/PV/042	6,000,000.00
2.	30/03/2020	FMITI/SWV/PV/042	7,000,000.00
3.	30/03/2020	FMITI/SWV/PV/042	7,000,000.00
			20,000,000.00

ii. There was no evidence to confirm that the ultimate beneficiaries received the payments from the Officers neither was there evidence of the court injunction not court processes presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Misappropriation of public funds.
ii. Loss of public funds.

Management's Response

No response.

Recommendations:

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the payment of ₦20,000,000.00 (Twenty million naira) to persons other than the beneficiaries.
ii. Recover and remit to the Treasury, the sum of ₦20,000,000.00.
iii. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly, and

vi. Otherwise, sanctions relating to irregular payment, payment without exemption from e-payment policy, and gross misconduct specified in paragraphs 3106, 3127 and 3128 of the Financial Regulations 2009, should apply.

ISSUE 3: IRREGULAR PAYMENT FROM SPECIAL INTERVENTION FUND (=₦83,270,000.00)

Paragraph 603 (i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c." Furthermore, paragraph 708 of the FR 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." In addition, paragraph 415 of the FR 2009, states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also, section 20(2) of the Public Procurement Act (PPA) 2007 states "The accounting officer of every procurement entity have overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurement's and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…"

Audit observed that:

i. The sum of ₦83,270,000.00 (Eighty three million, two hundred and seventy thousand naira) was paid for Sensitization in six (6) geo-political zones from special intervention fund.
ii. The particulars attached to the six paid vouchers in (i) above were the same for Computer Accessories, Printing of Banners, Stationeries, Rent and Feeding.
iii. The Hotel Bill submitted for North Central (Keffi) was duplicated and one of the receipts was from Sarauniya Suite Hotel Bauchi for ₦2,250,000.00 (Two million, two hundred and fifty thousand naira) whereas the program was said to have been held in Keffi.
iv. The sum of ₦17,400,000.00 (Seventeen million, four hundred thousand naira), comprising Duty Tour Allowance (DTA) of ₦8,400,000.00 (Eight million, four hundred thousand naira) and ₦9,000,000.00 (Nine million naira) for Air ticket and running cost were paid to 120 staff (20 staff per zone) without details of the beneficiaries.
v. The sum of ₦6,600,000.00 (Six million, six hundred thousand naira) was paid to eighteen (18) Resource Persons for three days per Zone without evidence of due procurement process for their engagement, and
vi. Evidence that the sensitization took place was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Diversion of public funds.
ii. Loss of government funds.

Management's Response
No response.

Recommendations
The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦83,270,000.00 (Eighty three million, two hundred and seventy thousand naira) was paid for Sensitization in six (6) geo-political zones from special intervention fund
ii. Recover and remit to the Treasury the sum of ₦83,270,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular paymentand gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009, respectively should apply.

ISSUE 4: IRREGULAR PAYMENT FOR ESTACODE (=₦19,729,480.00)

Paragraph 111(ii) (a) of the Financial Regulations (FR), 2009, states "the Accounting Officer shall be responsible for safeguarding of public funds and the regularity and propriety of expenditure under his control." Furthermore, paragraph 611 of the FR states "A Sub-Accounting Officer may not make payment against a voucher unless: …(c) It is not more than three months since the voucher was signed by officer controlling expenditure…"

Audit observed that:

i. The sum of ₦19,729,480.00 (Nineteen million, seven hundred and twentynine thousand, four hundred and eighty naira) was paid from Intervention Fund as Estacodes for various foreign travels contrary to the purpose of the fund without requisite authority. The payments were made as follows:

S/N	DATE	PV	NARATION	AMOUNT (₦)
1	13/05/20	PV/067	EstaCode to London	3,816,000.00
2	08/05/20	PV/068	EstaCode to London	5,797,480.00
3	15/06/20	PV/186	EstaCode for Russia-Africa Summit	10,116,000.00
			TOTAL	**19,729,480.00**

ii. The Letter of Invitation to the Russia-Africa Summit and Economic Forum showed it was held from 22-25th October, 2019 and paymentswere made in 2020 without evidence of revalidation, and
iii. Evidence of participation of the delegates to the program such as report, air tickets, boarding pass etc. were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks
i. Loss of public Funds
ii. Diversion of government funds.

Management's Response:
No response.

Recommendations:
The Permanent Secretary should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly for the irregular payment of ₦19,729,480.00 (Nineteen million, seven hundred and twenty nine thousand, four hundred and eighty naira) for foreign travels.
ii. Recover and remit to the Treasury, the sum of ₦19,729,480.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulation 2009 respectively should apply.

ISSUE 5: IRREGULAR PAYMENT FOR COMMITTEE MEETING ON NIGERIA-UK ECONOMIC DEVELOPMENT (=₦25,837,539.39)

Paragraph 708 of the Financial Regulations (FR) 2009, states "on no account should payment be made for services not yet performed or for goods not yet supplied."
Audit observed that:
i. The sum of ₦25,837,539.39 (Twenty five million, eight hundred and thirty seven thousand, five hundred and thirty nine naira, thirty nine kobo) was effected through paid voucher no. FMITI/CAP/ERGP/PV/047 dated 20th April 2020 for the Planning Committee for the 3rd Ministerial meeting of the Nigeria-UK Economic Development Forum, scheduled for March 2020, and
ii. Evidence of utilisation and retirement of payments made in (i) above was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks:
i. Diversion of government funds.
ii. Loss of public funds.

Management's response
No response.

Recommendations:
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦25,837,539.39 (Twenty five million, eight hundred and thirty seven thousand, five hundred and thirty nine naira, thirty nine kobo) being irregular expenditure without evidence of utilisation.
ii. Recover and remit to the Treasury, the sum of ₦25,837,539.39.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009, respectively should apply.

ISSUE 6: PAYMENTS MADE WITHOUT PAID VOUCHERS AND PRE-PAYMENT AUDIT (=₦201,540,512.00)

Paragraph 601 of the Financial Regulations (FR) 2009 states "All payments entries in the cashbook/account shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favor of the person(s) to whom the money is actually due. Under no circumstances shall a cheque be raised, or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR 2009 states "The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..."

Audit observed that:

i. Payments totaling ₦201,540,512.00 (Two hundred and one million, five hundred and forty thousand, five hundred and twelve naira) were made without paid vouchers, and
ii. The above payments were not pre-audited as paid vouchers which could have aided the internal auditor in carrying out pre-payment audit were not raised.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦201,540,512.00 (Two hundred and one million, five hundred and forty thousand, five hundred and twelve naira) being payments made without paid vouchers.
ii. Recover and remit the sum of ₦201,540,512.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: CASH ADVANCE ABOVE ₦200,000.00 (=₦42,010,102.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to

ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦42,010,102.00 (Forty two million, ten thousand, one hundred and two naira) was paid as out of pocket expenses to officers of the Ministry.
ii. The payments in (i) above exceeded the ₦200,000.00 threshold without evidence of procurement due process and utilisation of the funds, and
iii. The payments were made to various staff beyond 33% of their Salary without evidence of application and approvals attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦42,010,102.00 (Forty two million, ten thousand, one hundred and two naira) being payments above the ₦200,000.00 threshold.
ii. Recover and remit to the Treasury, the sum of ₦42,010,102.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 8: DENIAL OF ACCESS TO RECORDS

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in cash books /accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a cheque be raised, or cash paid for service which a voucher has not been raised." In addition, paragraph 3(d) of the Treasury Circular with Ref No TRYA6&B6/2019

OAGF/CAD/026/V.111/401 of 17th October, 2019 states "Notwithstanding the provisions of any other circular(s), revenue collection and accounting shall not be concessioned at a fee or commission to any consultant(s) or third-party, without express/written approval of the President of Federal Republic of Nigeria."

Audit observed that:

i. The Ministry appointed consultants for the collection of Internally Generated Revenue (IGR) without evidence of Presidential approval, and
ii. Relevant documents such as Cash Book maintained for the IGR (2020), evidence of remittance of IGR to the Treasury, register of certificates issued, monthly collection performance evaluation reports, and Contract Agreements signed with the Ministry were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government revenue.
ii. Litigations against the government.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Account Committees of the National Assembly, the reason for denial of access of documents to the Auditors and engagement of consultants for revenue collections without Presidential approval, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 9: UNREMITTED CONSULTANTS RECOVERIES FOR THE PERIOD 2013-2020 (=₦48,272,059.00)

Paragraph 2 of the Treasury Circular Ref. No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March, 2015 states "With effect from 1st April, 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government."

Audit observed that:

i. The sum of ₦248,272,059.00 (Two hundred and forty eight million, two hundred and seventy two thousand, fifty nine naira) was the total recovered amount by consultants engaged by the Ministry.

ii. The Cost of Providing Hard and Software as per Contract Agreement from 2010 to 2020 was ₦200,000,000.00 (Two hundred million naira). The recovered amount in (i) above and the cost led to an excess of revenue amounting to ₦48,272,059.00 as shown in the Table below, and

S/N	DESCRIPTION	AMOUNT (₦)
1	Amount recovered from 2013 - 2020	248,272,059.00
2	Cost of Providing Hard and Software as per Contract Agreement from 2010	200,000,000.00
	Excess of Revenue over Cost	**48,272,059.00**

iii. Evidence that the sum of ₦48,272,059.00 (Forty eight million, two hundred and seventy two thousand, fifty nine naira) was remitted to the Treasury was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Account Committees of the National Assembly, the sum ₦48,272,059.00 (Forty eight million two hundred and seventy two thousand and fifty nine naira) being the excess of revenue collected over cost.
ii. Recover and remit to the Treasury, the sum of ₦48,272,059.00.
iii. Forward evidence of remittance to the Public Account Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to respond to audit queries and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009, respectively, should apply.

ISSUE 10: NON-REMITTANCE OF REVENUE (=₦444,547,983.94)

Paragraph 236 of the Financial Regulations (FR), 2009, states "Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to Consolidated Revenue Fund (CRF) on or before the 15th of the month following the month of collection of the Revenue." Also, Paragraph 3(1), implementation strategy, of Establishment Circular with Ref. No. HCSF/428/S.1/120 issued on the 7th August, 2015 states "MDAs fully funded through the Federal Government Budget (i.e., MDAs whose Capital, Overhead and personnel cost were fully covered through the Federal Government budget) but generates additional revenues, shall be:- (a) All collections from these MDAs to be paid directly into TSA (e-collections) without retention. (b) Expenditure to be drawn from CRF based on Annual Budget."

Audit observed that:

i. The sum of ₦1,448,886,368.27 (One billion, four hundred and forty eight million, eight hundred and eighty six thousand, three hundred and sixty eight naira, twenty seven kobo) was the total revenue generated by the Ministry in 2020, and
ii. The sum of ₦1,004,338,384.33 (One billion, four million, three hundred and thirty eight thousand, three hundred and eighty four naira, thirty three kobo) was the total amount remitted to the Consolidated Revenue Fund leaving an unremitted balance of ₦444,547,983.94 (Four hundred and forty four million, five hundred and forty seven thousand, nine hundred and eighty three naira, ninetyfour kobo**).**

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja**.**

Risks:

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Accountto the Public Accounts Committees of the National Assembly the sum of ₦444,547,983.94 (Four hundred and forty four million, five hundred and forty seven thousand, nine hundred and eighty three naira, ninety four kobo) being unremitted Internally Generated Revenue.
ii. Refund the sum of ₦444,547,983.94 to the Treasury**.**
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to to collect Government Revenue specified in paragraph 3112 of the Financial Regulations 2009, should apply.

ISSUE 11: UNDISCLOSED SOURCE OF INVESTMENT RETURNS (=₦32,837,128.49)

Paragraph 110 of the Financial Regulations (FR) 2009 states "By virtue of the responsibilities and the Functions of the Accountant General and the Auditor-General their representatives, shall at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and the information relating to the accounts of all federal ministries/extra ministerial offices and other arms of government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions." Furthermore, paragraph 739 of the FR, 2009 states "Idle funds in the Bank Accounts of Ministries, Departments and Agencies shall only be invested in Treasury Bills in accordance with extant circulars."

Audit observed that:

i. The sum of ₦32,837,128.49 (Thirty two million, eight hundred and thirty seven thousand one hundred and twenty eight naira, fortynine kobo) was remitted to Consolidated Revenue Fund (CRF) as returns from investment, and
ii. The relevant documents about the investment such as type of investment, principal amount, tenor, and rate of returns were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Diversion of Government funds.
ii. Loss of government funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,837,128.49 (Thirty two million, eight hundred and thirty seven thousand one hundred and twenty eight naira, forty nine kobo) being revenue from undisclosed investment.
ii. Provide to the Public Accounts Committees of the National Assembly, the details and nature of the investment such as name, principal amount invested, rate of returns, tenor, date of commencement and interest earned, and
iii. Otherwise, sanctions relating to failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 12: DISCREPANCIES IN INTERNALLY GENERATED REVENUE (IGR) REPORTS (=₦1,145,678,201.20)

Paragraph 217 of the Financial Regulations (FR) states "It is the duty of the Accounting Officer responsible for the collection of revenue or other moneys due to Government, to ensure that all collections for which he is responsible are correctly and promptly brought to account, whether such collections are payable direct to him, or to a Sub-Accounting Officer or through any other channel. None of the checks which are required by these Regulations to be carried out by Sub-Accounting Officers relieves the Accounting Officer of the ultimate responsibility of verifying that all collections are brought to account. In addition to any other checks which an Accounting Officer may consider necessary, Revenue Collectors' cash books and cash balances shall be checked at irregular intervals and cash books shall be promptly reconciled with revenue registers or other records in use for the control of collections. Accounting Officers will notify the appropriate Sub-Accounting Officer and the Auditor-General of the establishment of any new revenue collecting office."

Audit observed that:

i. The sum of ₦561,584,670.80 (Five hundred and sixty one million, five hundred and eighty four thousand, six hundred and seventy naira, eighty kobo) was the discrepancy between the amount recorded in the monthly reports presented by the Ministry's Revenue Department and the monthly reports of therevenue units under the Department.
ii. There was alsoa discrepancy amounting to ₦584,093,530.40 (Five hundred and eight four thousand, ninety three naira, forty kobo) between monthly reports presented by the Ministry's Revenue Department and records presented by the Department of Trade Mark and Patent & Design, and
iii. In all, a total of ₦1,145,678,201.20 (One billion, one hundred and forty five million, six hundred and seventy eight thousand, two hundred and one naira, twenty kobo) were the discrepancies observed from the revenue records presented by the Ministry in 2019 financial year.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government revenue.
ii. Diversion of government revenue.

Management's Response

No response.

Recomendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,145,678,201.20 (One billion, one hundred and forty five million, six hundred and seventy eight thousand, two hundred and one naira, twenty kobo) being discrepancies reported in the Ministry's revenue Department.
ii. Recover and remit to the Treasury, the sum of ₦1,145,678,201.20.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue, and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 13: DISCREPANCY BETWEEN REVENUE REPORTED AND ACTUAL COLLECTIONS (=₦558,206,416.45)

Paragraph 217 of the Financial Regulations (FR) 2009 states "It is the duty of the Accounting Officer responsible for the collection of revenue or other moneys due to Government, to ensure that all collections for which he is responsible are correctly and promptly brought to account, whether such collections are payable direct to him, or to a Sub-Accounting Officer or through any other channel. None of the checks which are required by these Regulations to be carried out by Sub-Accounting Officers relieves the Accounting Officer of the ultimate responsibility of verifying that all collections are brought to account. In addition to any other checks which an

Accounting Officer may consider necessary, Revenue Collectors' cash books and cash balances shall be checked at irregular intervals and cash books shall be promptly reconciled with revenue registers or other records in use for the control of collections. Accounting Officers will notify the appropriate Sub-Accounting Officer and the Auditor-General of the establishment of any new revenue collecting office."

Audit observed that:

i. The sum of ₦558,206,416.45 (Five hundred and fifty eight million, two hundred and six thousand, four hundred and sixteen naira, forty five kobo) was the discrepancy between the Ministry's Revenue Department monthly reports and Audit review of revenue books maintained at the two Revenue Departments, and
ii. The discrepancy in (i) above was arrived at through audit review of the number of applicants and the certificate issued by the two Departments.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government revenue.
ii. Diversion of government revenue.

Management's Response

No response.

Recomendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦558,206,416.45 (Five hundred and fifty eight million, two hundred and six thousand, four hundred and sixteen naira, forty five kobo) being descrepancies recorded in the Ministry's Revenue records.
ii. Recover and remit the sum of ₦558,206,416.45 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue, and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 14: UNACCOUNTED BALANCE OF COVID - 19 RELEASES IN 2020 (=₦283,259,855.00)

Paragraph 111(ii) of the Financial Regulations (FR) 2009 states "The Accounting Officer shall: (a) Be responsible for safeguarding of public funds and the regularity and propriety of expenditure under his control…." Furthermore, paragraph 112(i) of the FR 2009 states "The functions of the Accounting Officer shall include: (f) Ensuring accurate collection and accounting for all public monies received and collected…."

Audit observed that:

i. The sum of ₦430,000,000.00 (Four hundred and thirty million naira) was released to the Ministry as COVID-19 funds for 2020 financial year.
ii. From the amount in (i) above, the sum of ₦146,740,145 (One hundred and forty six million, Seven hundred and forty thousand and one hundred and forty five naira) was expended by the Ministry, and
iii. The difference from the amount in (i) and (ii) above amounting to ₦283,259,855.00 (Two hundred and eighty three million, two hundred and fifty nine thousand, eight hundred and fifty five naira) being unspent balance could not be accounted for by the Ministry.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦283,259,855.00 (Two hundred and eighty three million, two hundred and fifty nine thousand, eight hundred and fifty five naira) being unspent balance of COVID-19 Intervention Fund to the Ministry.
ii. Remit the sum of ₦283,259,855.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 15: AWARD OF CONTRACTS WITHOUT DUE REGARDS TO COVID-19 FRAMEWORK (=₦61,009,625.00)

Paragraph 415 of the Financial Regulations (FR) states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also, paragraph 6 of the Covid-19 Framework No. 10 requires all recipients of Covid-19 Intervention Funds to publish the activities of the Covid-19 funds every week. Furthermore, paragraph 1 of the BPP Guidelines on Covid-19 procurement (Preparation Of Emergency Procurement Plans) states "All Procuring Entity are to Prepare Procurement Plans for all projects that specifically respond to Covid-19 pandemic. These Plans should be uploaded into the Nigeria Open Contracting Portal (NOCOPO) where it will be accessed by the BPP. Any project that is not included in the Procurement Plan of the Procuring Entity shall not be processed for payment notwithstanding the source of funding for the project."

Audit observed that:

i. The sum of ₦61,009,625.00 (Sixty one million, nine thousand, six hundred and twenty five naira) was paid to contractors from Covid-19 Intervention Funds by the Ministry in 2020, and
ii. The Ministry failed to publish the activities of the Covid-19 funds on weekly basis as required by Covid-19 Framework.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Industry, Trade and Investment, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦61,009,625.00 (Sixty one million, nine thousand, six hundred and twenty five naira) being contracts without due regards to Covid-19 framework.
ii. Recover and remit to the Treasury the sum of ₦61,009,625.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and gross misconduct prescribed in paragraphs 3117 and 3129 of the Financial Regulations (FR) 2009 respectively, should apply.

FINANCIAL REPORTING COUNCIL OF NIGERIA

At Financial Reporting Council of Nigeria (FRCN) for the year 2019 the following observations were made:

ISSUE 1: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦10,200,000.00)

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 states "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003 requires that claims for professional fees, should be submitted to the Honourable Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. Payments totaling ₦10,200,000.00 (Ten million, two hundred thousand naira) were made to some External Solicitors for legal services involving the Council, and
ii. Relevant evidence that the Council sought and obtained the approval of the Honourable Minister of Justice and Attorney-General of the Federation before engaging and determining the fees to be paid to the External Solicitors, was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Financial Reporting Council of Nigeria.

Risks

i. Engagement of unlicensed legal firms.
ii. Payment of excessive legal fees

Management's Response

"The Council wrote to the Office of the Attorney General of the Federation seeking approval to engage Messrs. Bola Ajibola & Co. Approval was given by the AGF and we have attached it accordingly. However, the Council debriefed Bola Ajibola & Co. when their services were deemed unsatisfactory, the Council relied on the subsisting approval to engage Sethage& Partners and Bondbrief Solicitors."

Recommendations

The Executive Secretary/Chief Executive Officer should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the engagement of external solicitors without the approval of the Honorable Attorney-General of the Federation.
ii. Recover and remit the sum of ₦10,200,000.00 (Ten million, two hundred thousand naira) to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations (FR), 2009, should apply.

ISSUE 2: MONTHLY PAYMENT OF UNAPPROVED ALLOWANCES (=₦8,104,400.00)

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN 1999 states "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN 1999 states "Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 415 of the Financial Regulations states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." In addition, paragraph 130101 of the Public Service Rules (PSR), 2008, states "(a) An allowance is a monetary benefit other than salary granted to an officer for a specific purpose. (b) All Allowances provided for in this Chapter shall be

subject to periodic review by the National Salaries, Incomes and Wages Commission through the issuance of appropriate circulars."

Audit observed that:
i. The sum of ₦8,104,400.00 (Eight million, one hundred and four thousand, four hundred naira) was the total allowances paid to staff, and
ii. There was no evidence of approval from the National Salaries, Income & Wages Commission to justify the above payment.

The above anomalies could be attributed to weaknesses in the internal control system at the Financial Reporting Council of Nigeria.

Risks
i. Waste of government resources.
ii. Diversion of public funds.

Management's Response
"This was not staff allowance but money expended in respect of dinner to appreciate members of the Technical Committee on the Nigerian Code of Corporate Governance, payment of recharge card to staff, etc."

Recommendations
The Executive Secretary/Chief Executive Officer should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,104,400.00 (Eight million, one hundred and four thousand, four hundred naira) being payment of unapproved allowances to staff.
ii. Recover and remit to the Treasury, the sum of ₦8,104,400.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009, respectively, should apply.

ISSUE 3: NON-REMITTANCE OF STATUTORY TAXES (=₦9,900,000.00)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the sametime the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦69,000,000.00 (Sixty nine million naira) was paid by the Council in respect of rent of office building, and
ii. The tax elements of Value Added Tax (₦3,000,000.00) & Withholding Tax (₦6,900,000.00) amounting to ₦9,900,000.00 (Nine million, nine hundred thousand naira) were deducted on the face of the paid vouchers without effecting evidence of remittance to the appropriate tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Financial Reporting Council of Nigeria.

Risks

i. Loss of government funds.
ii. Difficulty in funding budget.

Management's Response

"Cassy Anyanwu & Co. (Mr. &MrsObateru) - Both WHT and VAT were deducted."

Recommendations

The Executive Secretary/Chief Executive Officer should be requested to:

i. Remit the sum of ₦9,900,000.00 (Nine million, nine hundred thousand naira) to the appropriate tax authorities.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to non-collection of VAT and WHT, and failure to collect and account for government revenue specified in paragraphs 234(iii) and 3112 of the Financial Regulations (FR) 2009 respectively, should apply.

ISSUE 4: FOREIGN TRIPS UNDERTAKEN WITHOUT EVIDENCE OF HEAD OF SERVICE APPROVAL (=₦7,813,857.00)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The sum of ₦7,813,857.00 (Seven million, eight hundred andthirteen thousand, eight hundred and fifty seven naira) was paid to staff of the Council for foreign trips in 2019 through seven (7) paid vouchers, and
ii. Evidence of approvals from the Head of theCivil Service of the Federation were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Financial Reporting Council of Nigeria.

Risks

i. Misappropriation of government funds.
ii. Diversion of public funds.

Management's Response

These payments were in respect of estacode and airfare for the Executive Secretary's trip to Abidjan to attend MO Ibrahim Governance weekend; payment in respect of airfare for the Executive Secretary who attended the Public Companies Accounting and Oversight Board (PCAOB). We are not aware of any circular that require the Board Chairman to seek approval for his foreign trips. However, we will leverage on your guidance in this matter.

Recommendations

The Executive Secretary/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,813,857.00 (Seven million, eight hundred and thirteen thousand, eight hundred and fifty seven naira) being payment for unapproved foreign travels.
ii. Recover and remit to the Treasury, the sum of ₦7,813,857.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and
iv. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of Financial Regulations 2009, should apply.

ISSUE 5: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦2,615,000.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th, August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 2921(i) of the FR 2009, states "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive bidding by which is meant that all contractors/suppliers shall be subjected to the same level playing ground. The format for submission of bids, the deadline for submission and the pre-determined criteria for evaluation shall not vary from one contractor/supplier to the other, they shall be the same."

Audit observed that:

i. Three (3) payments totaling ₦2,615,000.00 (Two million, six hundred and fifteen thousand naira) were paid to officers of the Council for direct procurement of diesel between March and October, 2019 in excess of the ₦200,000:00 threshold, and

ii. The action of the University resulted in the loss of ₦353,025.00 (Three hundred and fifty three thousand, twenty five naira) that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Financial Reporting Council of Nigeria.

Risks

i. Loss of revenue to government.
ii. Diversion of public funds.

Management's Response

"These are quarterly payments to certain category of staff for the purchase of diesel for running generator. However, we observed that the payments were aggregated."

Recommendations

The Executive Secretary/Chief Executive Officer should be requested to:

i. Justifyto the Public Accounts Committees of the National Assembly, the sum of ₦2,615,000.00 (Two million, six hundred and fifteen thousand) being payment in circumvention of procurement due process.
ii. Recover and remit to the Treasury, the sum of ₦2,615,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 6: NON-REMITTANCE OF OPERATING SURPLUS TO CRF (=₦100,119,740.20)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;" Also, section 22 of the Fiscal Responsibility Act 2007 "(1) Notwithstanding the provisions of any written law governing the corporation, each corporation shall establish a general reserve fund and shall allocate thereto at the end of each financial year, one-fifth of its operating surplus for the year. (2) The balance of the operating surplus shall be paid to the Consolidated Revenue Fund of the Federal Government, not later than one month following the statutory deadline for publishing each corporation's accounts."

Audit observed that:

i. The sum of ₦457,584,606.00 (Four hundred and fifty seven million, five hundred and eighty four thousand, six hundred and six naira) was the total operating surplus by the Council in 2019.
ii. The Council remitted the sum of ₦12,767,494.00, being 2.17% of the operating surplus contrary to extant regulations, and

iii. The sum of ₦100,119,740.20 (One hundred million, one hundred and nineteen thousand, seven hundred and forty naira, twenty kobo) was the outstanding operating surplus in 2019 as shown in the Table below.

S/N	Description	Amount (₦)
1	Surplus for the Year as per Accounts	38,324,025.00
2	Add: Depreciation on PPE	42,373,356.00
3	Impairment on Staff Loan	154,528.00
4	Adjusted Operating Surplus	80,851,909.00
5	80% thereof	64,681,527.20
6	Operating Surplus as at 1st January (B/f)	95,064,745.00
7	Less Operating Surplus already remitted	(59,626,532.00)
8	Outstanding Operating Surplus to be Remitted	100,119,740.20

These anomalies could be attributed to weaknesses in the internal control system at Financial Reporting Council of Nigeria.

Risks

i. Loss of Government revenue.
ii. Difficulty in funding budget

Management's Response

"The Council prepared budget for the 2019 fiscal year and it was on the strength of the approved budget that the sum of ₦754,632,272 only was expended as operating expenses as per the Financial Statements. We refer you to page 26 of the Audited Financial Statements where the calculation of the Operating Surplus was done in accordance with the Fiscal Responsibility Act (FRA)."

Recommendations

The Executive Secretary/Chief Executive Officer should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦100,119,740.20 (One hundred million one hundred and nineteen thousand seven hundred and forty naira, twenty kobo) being unremitted operating surplus to the Consolidated Revenue Fund.
ii. Refund the sum of ₦100,119,740.20 to the Treasury.
ii. Forward evidence of the refund to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to account for government revenue specified in paragraph 3112(i) of the Financial Regulations (FR), 2009, should apply.

INVESTMENT AND SECURITY TRIBUNAL

At Investment and Security Tribunal, Abuja the following observations were made:

ISSUE 1: PAYMENT MADE WITHOUT RELEVANT SUPPORTIING DOCUMENTS (=₦11,698,329.40)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph

603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦11,698,329.40 (Eleven million, six hundred and ninety eight thousand, three hundred and twenty nine naira, forty kobo) was paid as allowances and medical services to twenty three (23) officers and five (5) contractors, through twenty eight (28) paid vouchers, and
ii. The supporting documents were not presented for audit contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Investment and Securities Tribunal, Abuja.

Risks

i. Misapplication of public funds.
ii. Possibilities of fraud.

Management's Response

No response.

Recommendations

The Chief Registrar should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦11,698,329.40 (Eleven million, six hundred and ninety eight thousand, three hundred and twenty nine naira, forty kobo) being payments without supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦11,698,329.40.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009, respectively, should apply.

ISSUE 2: NON-REMITTANCE OF STATUTORY TAXES (=₦1,407,544.85)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and

services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the sametime the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦1,407,544.85 (One million, four hundred and seven thousand, five hundred and forty four naira, eighty five kobo) was the undeducted statutory taxes from three (3) contractors, and
ii. The sum of ₦8,147,400.00 (Eight million, one hundred and forty seven thousand, four hundred naira) was the total contract amount for services rendered without evidence of remittance of statutory taxes in (i) above to the appropriate tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Investment and Securities Tribunal, Abuja.

Risks

i. Loss of government revenue.
ii. Inability to fund government budget.

Management's Response

No response.

Recommendations

The Chief Registrar should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,407,544.85 (One million, four hundred and seven thousand, five hundred and forty four naira, eighty five kobo) being unremitted statutory taxes to relevant tax authorities.
ii. Recover and remit the sum of ₦1,407,544.85 to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect government revenue specified in paragraph 3112 of the Financial Regulations 2009, should apply.

ISSUE 3: EXTRA BUDGETARY SPENDING FROM VARIOUS SUB-HEADS (=₦3,159,129.75)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of the Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 301 of the FR 2009, states "any officer controlling a vote or part thereof, who incurs expenditure without authority does so on his sole responsibility and will consequently be held pecuniary responsible for his action."

Audit observed that:

i. The Tribunal incurred extra budgetary spending on three (3) sub heads amounting to ₦3,159,129.75 (Three million, one hundred and fifty nine thousand, one hundred and twenty nine naira, seventy five kobo), and
ii. Evidence of approval from the Minister of Finance and the National Assembly were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Investment and Securities Tribunal, Abuja.

Risks

i. Misappropriation of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Chief Registrar should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦3,159,129.75 (Three million, one hundred and fifty nine thousand, one hundred and twenty nine naira, seventy five kobo) being extra budgetary expenditure without evidence of approval.
ii. Refund to the Treasury, the sum of ₦3,159,129.75.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and poor cash management specified in paragraphs 3106 and 3115 of the Financial Regulations 2009, respectively should apply.

ISSUE 4: CASH ADVANCE ABOVE ₦200,000.00 (=₦1,760,376.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦1,760,376.00 (One million, seven hundred and sixty thousand, three hundred and seventy six naira) was granted as cash Advances to five (5) officers between December 2019 and August 2020.

ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the Tribunal resulted in the loss of ₦237,650.76 (Two hundred and thirty seven thousand, six hundred and fifty naira, seventy six kobo) that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Investment and Securities Tribunal, Abuja.

Risks
i. Loss of revenue to the Government.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The Chief Registrar should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,760,376.00 (One million seven hundred and sixty thousand three hundred and seventy six naira) being cash advance above threshold.
ii. Recover and remit to the Treasury, the sum of ₦1,760,376.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specifies in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

NIGERIAN OFFICE FOR TRADE NEGOTIATIONS (NOTN)

At the Nigerian Office for Trade Negotiations (NOTN), the following observations were made:

ISSUE 1: EXTRA-BUDGETARY EXPENDITURE (=₦101,860,429.67)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of the Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 301 of the FR 2009, states "any officer controlling a vote or part thereof, who incurs expenditure without authority does so on his sole responsibility and will consequently be held pecuniary responsible for his action."

Audit observed that:
i. The sum of ₦101,860,429.67 (One hundred and one million, eight hundred and sixty thousand, four hundred and twenty nine naira and sixty seven kobo) was the extra-

budgetary expenditure made by NOTN management through the warrant lines and GIFMIS releases as shown in the Table below, and

	GIFMIS Expenditure ₦	Warrant Lines GIFMIS ₦	Difference ₦
Overhead GIFMIS	162,093,749.95	111,666,665.36	(50,427,084.59)
Personnel Salary GIFMIS	160,389,602.57	108,956,257.00	(51,433,345.08)
	TOTAL		**(101,860,429.67)**

ii. Evidence of approval from the National Assembly and the Minister of Finance to support the extra-budgetary expenditure was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Unauthorized virement.
ii. Extra-budgetary expenditure.
iii. Improper funds management.

Management's Response

The issue raised has been communicated to the Director-General of NOTN via my letter with reference number OAuGF/RESAD/NOTN/2019/VOLII/05 dated 26th May 2021. The Agency responded as follows via their letter with reference number NOTN/ACCTS/AG/154 /VOL. 1/42 dated 16th June 2021:

The total Overhead released to NOTN in the **Warrant Lines** for the year was ₦111,666,665.36 and the total expenditure was ₦111,646,568.73. The Agency's overhead Cash Book reflected exactly what the GIFMIS balance showed. One wonders how expenditure can be in excess of the actual releases through the GIFMIS system. It is unreasonable to suggest that this can happen here. It appears the observation was lifted from another Agency that is revenue-generating.

Please note the Agency has no control over Personnel releases and expenditure, save for input on individual salary placement on appropriate grade levels on promotion, and changes in bank accounts. Expenditure is handled by IPPIS.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦101,860,429.67 (One hundred and one million, eight hundred and sixty thousand, four hundred and twenty nine naira and sixty seven kobo) being extra-budgetary expenditure without approval.
ii. Recover and remit the sum of ₦101,860,429.67 to the Treasury
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and

iv. Otherwise, sanctions relating to gross misconduct stated in paragraph 3129 of the Financial Regulations (FR) 2009 should apply.

ISSUE 2: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant General not later than 31st May of the following year of Account."

In spite of the extant regulations:

i. The management of the Nigerian Office for Trade Negotiations failed to submit its audited financial statements since inception to the Office of the Auditor-General for the Federation, and
ii. The above practice by the agency contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Impediments to Public Accounts Committees oversight
ii. Sub-optimal decisions by those charged with governance.

Management's Response

As stated earlier, NOTN is an Agency under the Federal Ministry of Industry, Trade, and Investment (FMITI), which was established in July 2017 as a result of the Federal Executive Council's decision to handle issues of Trade Negotiations. The Agency got its Take-off Grant in 2018 and paid it into its Treasury Single Account (TSA). This was duly accounted for and audited. The Office of the Auditor-General carried out periodic checks in respect of this in 2019.

In accordance with the current trend, NOTN Trial Balance had been submitted to the OAGF to enable them to prepare the Consolidated Financial Statement for the Government. This Trial Balance is available for examination on the GIFMIS platform

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Submit the audited financial statements, in respect of 2017 to 2019 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 3: UNAPPROVED VIREMENT FROM CAPITAL FUND (=₦71,918,641.00)

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph

417 of Financial Regulations (FR) 2009 states “Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed.” Furthermore, paragraph 415 of the FR 2009 states “The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.”

Audit observed that:

i. The Nigerian Office for Trade Negotiations paid the sum of ₦71,918,641.00 (Seventy one million, nine hundred and eighteen thousand, six hundred and forty one naira) to finance recurrent expenditure such as estacodes, local running, printing of security documents, granting of advances, overtime, production of identity cards and miscellaneous expenses from capital fund in the year 2019.
ii. The payments in (i) above were made from the capital expenditure sub-heads that were meant for the purchases of fixed assets, library books, equipment and acquisition of non-tangible assets, and
iii. Evidence of approval from the National Assembly and the Minister of Finance to support the virement from capital expenditure was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Loss of government funds.
ii. Extra-budgetary expenditure.
iii. Improper funds management.

Management’s Response

NOTN did divert or make virement on the Capital Funds meant for its operations in 2019 to other frivolous expenditures. It should be noted that the agency was established to carry out trade negotiations on behalf of Nigeria and to carry out negotiations and meetings before the ratification of the African Continental Free Trade Area Agreement (AfCFTA) in July 2019.

Recommendations

The Director-General/Chief Trade Negotiatorshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦71,918,641.00 (Seventy one million, nine hundred and eighteen thousand six hundred and fort one naira) being virement without approval.
ii. Recover and remit to the Treasury, the sum of ₦71,918,641.00.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 4: IRREGULAR PAYMENT INTO THE ACCOUNTS OF CONTRACTORS (=₦198,157,882.00)

Paragraph 234 of the Financial Regulations (FR) 2009 states "(i) It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same. (ii) Any loss of government revenue through direct payment of VAT and WHT to contractor or failure to provide for VAT and WHT due and remitting same to Federal Inland Revenue Service by any ministry/extra-ministerial department shall be recovered from the statutory allocation of the defaulting ministry/extra-ministerial office and other arms of government. Remittance shall be made not later than 21 days after deduction." Furthermore, paragraph 415 of the FR, 2009, states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Office paid the sum of ₦198,157,882.00 (One hundred and ninety eight million one hundred and fifty seven thousand eight hundred and eighty two naira), to various companies and several officers of the office with the same particulars on the same day through a total of one hundred and eighty (180) transactions, and
ii. All the taxes (VAT and WHT) deducted from the contractors were paid back to them instead of remitting to FIRS.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Office for Trade Negotiations.

Risks

i. Loss of government revenue
ii. Diversion of government revenue.

Management's Response

The correct position is that NOTN did not perform double or triple payments totaling ₦198,557,882.00 in the year 2019 under review. Serial numbers 1.2.3/4.5.6/7.8.9/10.11.12/13.14/15.16.17/18.19.20/21.22.23/24.25.26/27.28.29/30.31.32/33.34.35/36.37.38/39.40.41/79.80.81/82.83.84/ are payments made to companies with deductions of VAT & WHT to FIRS.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Recover and remit to Treasury, the sum of ₦198,157,882.00 (One hundred and ninety eighty million one hundred and fifty-seven thousand eight hundred and eighty two naira),
ii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iii. Otherwise, sanctions relating to collection and non-remittance of government revenue specified in paragraph 234(ii) of the Financial Regulations 2009, should apply.

ISSUE 5: PAYMENTS FOR OVERSEAS TRAVELS WITHOUT APPROVAL (=₦123,784,856.00)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The sum of ₦123,784,856.00 (One hundred and twenty three million, seven hundred and eighty four thousand, eight hundred and fifty six naira) was paid to someofficers for various foreign trips at various times, and
ii. Approval of the Secretary to the Government of the Federation or that of the Head of the Civil Service of the Federation as required by extant regulations was neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Loss of government funds.
ii. Diversion of government funds.

Management's Responses

These are meetings attended by officers between Nigeria, other African Countries and Commonwealth/EU/BREXIT and Asian countries. These meetings are to foster trade relations with Nigeria. These are core mandates of the Agency. Approvals were obtained before embarking on any of the official trips. The sum of ₦123,624,676.00 was a legitimate expenditure of the funds appropriated to the Agency.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦123,624,676.00 (One Hundred and twenty three million, seven hundred and eighty four thousand, eight hundred and fifty six naira) being payment of estacode allowances without approval by the Head of the Civil Service of the Federation.
ii. Recover and remit to the Treasury, the sum of ₦123,624,676.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 6: NON-DEDUCTION AND REMITTANCE OF STAMP DUTY (=₦1,283,022.88)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:

i. The Nigerian Office for Trade Negotiations made payments for various contracts during the year, and
ii. The sum of ₦1,283,022.88 (One million, two hundred and eighty three thousand, twenty two naira, eighty eight kobo) being 1% statutory stamp duty from conracts in (i) above was not remitted to the relevant tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Loss of government revenue.
ii. Difficulty in funding budget.

Management's Response

As of 2019, the GIFMIS platform did not provide for the payment of stamp duty in the field for third-party payment. Therefore, NOTN could not have deducted 1% Stamp Duty from the contractors. If 1% stamp Duty is deducted from any contract, NOTN do not have any platform to remit the revenue to FIRS. However, the issue is raised with the OAGF, the managers of GIFMIS operations.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-deduction and remittance of Stamp Duty amounting to ₦1,283,022.88 (One million, two hundred and eighty three thousand, twenty two naira, eighty eight kobo) to the relevant tax authorities.
ii. Recover and remit to the Treasury the sum of ₦1,283,022.88.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply

ISSUE 7: MISAPPLICATION OF FUNDS (=₦46,294,408.71)

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund

of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦46,294,408.71 (Forty six million, two hundred and ninety four thousand, four hundred and eight naira seventy kobo) meant for training was paid to staff for local travels, and
ii. Evidence of approval from the National Assembly and the Minister of Finance to support the misapplication of fund was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

The payments listed on Appendix 8 are properly incurred and paid to the payees accordingly through the appropriate subhead as approved in the Agency's Budget Appropriation breakdown. The Agency Treasury books should be the primary records of the Audit. But Appendix 8 was downloaded from unknown platform without recourse to the Agency's Treasury books.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦46,294,408.71 (Forty six million, two hundred and ninety-four thousand, four hundred and eight naira seventy kobo) being misapplication without approval.
ii. Recover and remit to the Treasury the sum of ₦46,294,408.71.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly.
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSEUE 8: PAYMENTS WITHOUT RAISING PAID VOUCHERS (=₦24,997,182.00)

Paragraph 708 of the Financial Regulations (FR) 2009, states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such

as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 601 of the Financial Regulations (FR), 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised."

Audit observed that:

i. The Nigerian Office for Trade Negotiations raised 18 (eighteen) journal entries to move the total sum of ₦24,997,182.00 (Twenty, four million, nine hundred and ninety seven thousand, one hundred and eighty two naira) from the Overhead Vote to various Sub-Heads under the Overhead vote.
ii. There was no evidence of the utlisationof the funds and the transactions were all finalized in a day by an officer other than the one authorized to do so, and
iii. The paid vouchers and supporting documents were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Office for Trade Negotiations.

Risks

i. Loss of Government
ii. Misappropriation of government funds

Management's Response

The sum of N25M was credited to the Agency's Remitta account on 2nd January 2019 being the balance of 2018 Appropriated funds, out of which ₦24,997,182.00 was spent via the list on Appendix 9. These payments went through the regular payment procedures. The payments were finalized by the Approving officer before disbursement on the Remitta platform. The Agency migrated to the GIFMIS platform during the execution of the 2019 Appropriation. In the process, the Consolidated Accounts Department directed NOTN to upload ₦24,997,182.00 earlier spent through REMITTA to GIFMIS platform with a journal entry with the purpose of consolidating NOTN accounts.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦24,997,182.00 (Twenty, four million, nine hundred and ninety seven thousand, one hundred and eighty two naira) being irregular payments.
ii. Recover and remit to the Treasury, the sum of ₦24,997,182.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 9: PROCUREMENT FOR ICT FACILITIES WITHOUT APPROVAL FROM NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY (NITDA) (=₦41,904,393.00)

Paragraph 4 of the Establishment Circular Ref. No. 59736/S.2/C.II/125 dated 31st August, 2018 states "For the avoidance of doubt, MDAs and other government establishments are to relate with and obtain prior approval from National Information Technology Development Agency (NITDA) for the implementation of Information Technology (IT) projects as well as the procurement of locally assembled IT components."

Audit observed that:

i. The sum of ₦41,904,393.00 (Fortyone million, nine hundred and four thousand three hundred and ninetythree naira) to two (2) contractors for procurement of ICT equipment in the 2019, and
ii. Evidence of approval by NITDA before procurement of the ICT equipment, was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Payments for items not supplied.
ii. Supply of low-quality products
iii. Loss of government funds.

Management's Response

The award was in accordance with the procurement guidelines and all documentation to that effect was made available to the team.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Justify the Public Accounts Committees of the National Assembly, the sum of ₦41,904,393.00 (Forty one million, nine hundred and four thousand three hundred and ninety three naira) being the purchase of ICT equipment without approval from NITDA.
ii. Recover and remit to the Treasury, the sum of ₦41,904,393.00.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 10: IRREGULAR PAYMENT FOR CAPACITY BUILDING WITHOUT EVIDENCE OF PERFORMANCE (=₦18,497,830.00)

Paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service such as

dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." similarly, paragraph 415 of the FR 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that;

i. The sum of ₦10,960,930.00 (Ten million, nine hundred and sixty thousand, nine hundred and thirty naira) and ₦7,536,900.00 (Seven million, five hundred and thirtysix thousand, nine hundrednaira) were paid through payment vouchers Nos. NOTN/CAP/036 and NOTN/CAP/027/2019 both dated 27th December, 2019 for capacity building to staff of the Internal Audit and Human ResourcesDepartment respectively, and
ii. Evidence such as award letters, attendance register, certificate of participation, Job Completion Certificates were neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Loss of government funds.
ii. Payment for job not executed.

Management's Response

This was provided for in the Appropriations.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦18,497,830.00 (Eighteen million, four hundred and ninety seven thousand, eight hundred and thirty naira) paid for contracts on services without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦18,497,830.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and failure to spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 11: PAYMENT FOR INTERNATIONAL TRAINING WITHOUT APPROVAL (=₦149,027,810.80)

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore,

paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:

i. The Nigerian Office for Trade Negotiations paid the sum of ₦149,027,810.80 (One hundred and forty nine million, twenty seven thousand, eight hundred and ten naira) as Estacodes and local running to some Officers for some international travels.
ii. From the payments in (i) above, the sum of ₦123,784,856.00 (One hundred and twenty three million, seven hundred and eighty four thousand eight hundred and fifty six naira) was paid as Estacodes to the Officers while the sum of ₦25,242,954.80 (Twenty five million, two hundred and forty two thousand, nine hundred and fifty four naira eighty kobo) was paid for local running, and
iii. Evidence that the officers embarked on the International Travels such as Stamped Passports, Visas, Boarding Passes, certificates of attendance, and approval from Head of Civil Service of the Federation were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

The core mandate of NOTN is purely Trade negotiations between Nigeria and some bilateral and multilateral organizations. Therefore, it will not be fair to say that the agency travelled for all these meetings in the discharge of its mandate without proof. All the trips embarked upon by officers are approved. The Paid vouchers carried all the relevant attachments to prove that the journeys were embarked upon. The Estacodes and Local Running allowances paid to the officers are in accordance with the agency's Appropriation.

Recommendations

The Director General/Chief Trade Negotiation should be requested to:

i. Account to the Public Accounts Committee of National Assembly, the sum of ₦149,027,810.80 (One hundred and forty nine million, twenty seven thousand, eight hundred and ten naira eighty kobo) being payment for international travels without approval.
ii. Recover and remit, the sum of ₦149,027,810.80 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committee of National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 12: RECRUITMENT OF STAFF WITHOUT APPROVALS

Paragraph 1 of the Establishment Circular with Ref. No. 58775/11/T/358 dated 11th July 2017 states "The attention of Mr. President has been drawn to reports of massive and indiscriminate clandestine recruitments in Federal Ministries, Departments and Agencies in flagrant disregard of rules and established procedures for recruitments in the Public Service…." Furthermore, paragraph 3 of the Establishment Circular with Ref. No. 58775/11/T/358 dated 11th July 2017 states "Government has therefore seen the need to take drastic step/action to arrest the situation in view of the current economic situation facing the country. Consequently, Government has decided to streamline the processes and procedures for recruitment and appointment into the Public Service in conformity with the following guidelines; (i) Adherence to Manpower Budget for proposed recruitments, which must be approved by the supervising Ministry or Agency; (ii) Obtaining of Waiver to Recruit from the Office of the Head of Civil Service of the Federation (OHCSF); (iii) Appropriate budgetary provisions to accommodate the proposed recruitments; (iv) Letter of Clearance from the Director-General of the Budget Office of the Federation to confirm budgetary provision for the proposed recruitment; (v) Approval of the Federal Character Commission for the distribution of vacancies for the proposed recruitment to ensure equitable distribution of vacancies among the States; (vi) Obtaining Certificate of Compliance for the Federal Character Commission for the recruitment; (vii) Representations of the Federal Civil Sevice Commission as observers in the recruitment processes in the Federal Ministries; (viii) Representation of Office of the Head of Civil Service of the Federation (OHCSF) (sic) in order to ensure compliance with extant rules and procedures for recruitment; and (ix) In the case of Agencies/Parastatals, appropriate representations of supervising Ministries and Agencies to provide necessary guidance and give credibility to the exercise."

Audit observed that:

i. Eight (8) members of staff were recruited between 1st January and 31st December 2019, and
ii. Evidence to support the recruitment process such as approvals for employment from the Federal Character Commission, Office of the Head of the Civil Service of the Federation, Budget Office of the Federation, Federal Civil Service Commission and the Supervisory Ministry were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Unpaid salaries to workers.
ii. Budget shortfalls.

Management's Response

There is a waiver for this from the Office of the Head of the Civil Service of the Federation to enable NOTN to get her functional staff for the core activities of trade negotiations.

Recommendations

The Director General/Chief Trade Negotiator should be requested to:

i. Forward the evidence of recruitment waiver from the Office of the Head of Civil Service of the Federation (OHCSF) and other approving Agencies to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 13: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦28,579,500.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦28,579,500.00 (Twenty eighty million, five hundred, and seventy-nine thousand five hundred naira) was paid to some officers for the procurement of goods and services.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the Office resulted in the loss of ₦3,858,232.50 (Three million, eight hundred and fifty eight thousand two hundred and thirty two naira fifty kobo) that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

NOTN did not give any cash advance to any officer to procure store items that are capital in nature. However, some officers are occasionally granted Administrative Advances to purchase some recurrent items that are urgent for office use. This is done for the office not to be grounded.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦28,579,500.00 (Twenty eighty million, five hundred, and seventy-nine thousand five hundred naira) being payment to staff as cash advance above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦28,579,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 14: IRREGULAR PAYMENT OF ADMINISTRATIVE ADVANCES (=₦3,700,000.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 2302 (ii) of the Financial Regulations (FR) 2009 states "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR 2009 states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The sum of ₦3,700,000 (Three million and seven hundred thousand naira) was granted as "Administrative Advance" to a staff through two (2) payments.
ii. The administrative advances in (i) above, were effected through paid voucher numbers NOTN/CAP/ADV/004/2019 dated 5th December, 2019 amounting to ₦2,710,000.00 and NOTN/CAP/ADV/001/2019 dated 13th November, 2019 amounting to ₦990,000.00, with retirement dates of 12th December, 2019 and 11th November, 2019, respectively, and
iii. There were irregularities in the receipts submitted for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

Administrative advances were approved for the procurement officer to the sum of ₦2,710,000.00 and was paid on 5th December 2019 and the advance was retired on 30th December 2019. The second ad advance was approved for advertisement in 2 national dailies and Federal Tenders Journal. The advance was paid to the officer on 13th November 2019 and the retirement was made on 29th November 2019. Can this appear fictitious and fraudulent

when all relevant documents were attached, and proper retirements made? These Advances were taken and properly retired. These are verifiable expenditures.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦3,700,000 (Three million and seven hundred thousand naira) being irregular payment of administrative advances.
ii. Recover and remit to the Treasury, the sum of ₦3,700,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of advance specified in paragraph 3124 of the Financial Regulations 2009, should apply.

ISSUE 15: DENIAL OF ACCESS TO BOOKS AND RECORDS

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in cash books /accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a cheque be raised, or cash paid for service which a voucher has not been raised." Furthermore, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The Nigerian Office for Trade Negotiations (NOTN) failed to submit relevant documents for auditsuch as, Audited Financial Statement 2019, Payroll and Payslip for 2018-2019, correspondence file between NOTN and Accountant-General, Staff files, Assets Register, Tax deductions file, and List of Obsolete Items contrary to the provisions of extant regulations.
ii. No reason was provided for the non-presentation of the items in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Office for Trade Negotiations.

Risks

i. Limitation of scope of audit.
ii. Concealment of irregularities.
iii. Loss of government funds.

Management's Response

Access to records was not denied to the team, records and documents were made available, the reason they spent three weeks in NOTN and this report is the outcome of their work.

Recommendations

The Director-General/Chief Trade Negotiator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for denying the Federal Auditors access to public documents.
ii. Forward the above listed documents to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of Financial Regulations 2009, should apply.

REGIONAL CENTRE FOR INTERNATIONAL COMMERCIAL ARBITRATION (RCICA)

At the Regional Centre for International Commercial Arbitration (RCICA), Lagos, the following observations were made.

ISSUE 1: CONTRACT AWARD WITHOUT DUE PROCESS (=₦3,715,692.21)

Section 20(2) of the Procurement Act 2007 states "The accounting officer of every procurement entity have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…" Furthermore, section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided bythisAct, all procurements of goods and works Openby all procuring entities shall be conducted by open competitive bidding." In addition, section 25(2)(ii) of the PPA 2007 states "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works."

Audit observed that:

i. The sum of ₦3,715,692.21 (Three million, seven hundred and fifteen thousand six hundred and ninety two naira twenty one kobo) was paid for a contract without evidence of due process, and
ii. Relevant due process supporting documents such as Bureau of Public Procurement Certificates, Tax Clearance Certificate, Certificate of Incorporation, Job Completion Certificate, Insurance Certificate, Pension Certificate, signed minutes of Tenders' Board meeting were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Regional Centre for International Commercial Arbitration.

Risks

i. Loss of Government funds.
ii. Incorrect amount may be recorded.

Management's Response
No response.

Recommendations
The Director of Centre should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the sum of ₦3,715,692.21 (Three million seven hundred and fifteen thousand six hundred and ninety two naira twenty one kobo) being contracts awarded without due process.
ii. Recover and remit the sum of ₦3,715,692.21 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating toirregular award of contracts specified in paragraph 3117 of the Financial Regulations 2009, should apply.

ISSUE 2: IRREGULAR ENGAGEMENT OF CONTRACT STAFF (=₦3,980,000.00)

Paragraph 020401 of the Public Service Rules (PSR) 2008, states "A contract appointment is a temporary appointment (which does not provide for the payment of a pension) to a post of the level to which appointment is made by the Federal Civil Service Commission for a specific period as opposed to appointment on pensionable terms and temporary employment. The contract appointment must be recorded in a formal document of agreement." Furthermore, paragraph 020402 of the PSR 2008, provides that, (a) The conditions of service of a contract officer are those provided for in his/her contract and the privileges, emoluments or allowances described in these Rules do not apply to him/her unless they are specifically so stated in the contract itself. Any question of the interpretation of a contract affecting his/her conditions of service should be referred to the Office of the Head of the Civil Service of the Federation

Audit observed that:

i. The sum of ₦3,980,000.00 (Three million, nine hundred and eighty thousand naira) was paid to staff of the Regional Centre for International Commercial Arbitration who retired 2 years back and werere-engaged without evidence of approval from the supervising Ministry.
ii. The engagement lettersof the staff were signed by the Accountant and not the Chief Executive, and
iv. The annual terms of the contract of employment had not been renewed since 21st February, 2019.

The above anomalies could be attributed to weaknesses in the internal control system at the Regional Centre for International Commercial Arbitration.

Risks
i. Diversion of public funds.
ii. Loss of public funds.

Management's Response
No response.

Recommendations

The Director of Centre should be requested to:

i. Justifyto the Public Accounts Committees of the National Assembly, the sum of ₦3,980,000.00 (Three million, nine hundred and eighty thousand naira), being irregular engagement of contract staff.

ii. Recover and remit to the Treasury, the sum of ₦3,980,000.00.

iii. Forward of evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of Financial Regulations 2009 should apply.

ISSUE 3: NON-INSURANCE OF ASSETS (=₦303,110,400.00)

Section 7 (d) of the National Insurance Commission (NAICOM) Act, 2003 states "The Commission shall ensure adequate protection of strategic government assets and properties." Also, Establishment Circular referenced SGF/OP/I/S.3/VII/981 of 21st July, 2008 requires all MDAs to ensure that all assets under them are fully and adequately insured with registered insurance companies.

Audit observed that:

i. The Regional Centre for International Commercial Arbitrationhave assetsamounting to ₦303,110,400.00 (Three hundred and three million, one hundred and ten thousand, four hundred naira), and

ii. Evidence of insurance of the assets with registered insurance companies against probable loss was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Regional Centre for International Commercial Arbitration.

Risks

i. Exposure of government to avoidadable loss

ii. Destruction of public assets due to fire, accident or theft.

Management's Response

No response.

Recommendations

The Director of Centre should be requested to:

i. Insure all the assets owned by the agency.

ii. Forward evidence of the insurance of the assets to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

PETROLEUM PRODUCT PRICING REGULATORY AGENCY (PPPRA)

At the Petroleum Product Pricing Regulatory Agency, Abuja, the following observations were made:

ISSUE 1: IRREGULARITIES IN THE PAYMENT OF SITTING ALLOWANCE (=₦1,200,000.00)

Paragraph 2 of the Establishment Circular with Ref. No. SWC/S/04/S.310/T/65 dated 8th April, 2016 states "It should be noted that Chief Executive Officers and other Public Servants on monthly salary who are board members in their own establishments are not entitled to sitting allowance. It should also be noted that a sitting may comprise more than one meeting." Furthermore, paragraph 2 of the Establishment Circular Ref. No SWC/S/04/S.310/T/65 dated 8th April 2016 stipulates that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year. Also, paragraph 415 of the Financial Regulations (FR) 2009, states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦1,200,000.00 (One million, two hundred thousand naira)was paid to a member of the Agency's Governing Board through payment voucher No. CBN/505/19 dated 2nd May, 2019, and
ii. The officer paid was a full-time staff and as such, not entitled to sitting allowance in accordance with provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Product Pricing Regulatory Agency, Abuja.

Risks

i. Waste of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,200,000.00 (One million, two hundred thousand naira) being irregular payment of sitting allowance.
ii. Recover and remit the sum of ₦1,200,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: OVERPAYMENT OF APPROVED ESTACODE ALLOWANCES (=₦2,905,870.00)

Paragraph 415 of the Financial Regulations (FR) 2009 states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦5,819,100.00 (Five million, eight hundred and nineteen thousand, one hundred naira) was the approved estacode allowance to four (4) officers on foreign training in 2019, and
ii. The sum of ₦8,724,970.00 (Eight million, seven hundred twenty four thousand, nine hundred and seventy naira) was however paid to the officers through Voucher No. CBN/1745/19 dated 31st December, 2019 in excess of the approved amount in (i) above, resulting in an overpayment of ₦2,905,870.00 (Two million, nine hundred and five thousand, eight hundred and seventy naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Product Pricing Regulatory Agency, Abuja.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦2,905,870.00 (Two million, nine hundred and five thousand, eight hundred and seventy naira) being overpayment of estacode allowance.
ii. Recover and remit to the Treasury, the sum of ₦2,905,870.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and overpayment of salaries and allowances prescribed in paragraphs 3106 and 3111 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2018 AND 2019)

Paragraph 3210(v) of the Financial Regulations (FR) 2009 states "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant General not later than 31st May of the following year of Account."

In spite of the extant regulations:

i. The Petroleum Product Pricing Regulatory Agency failed to submit its audited financial statements for the years 2018 and 2019 to the Office of the Auditor-General for the Federation, and
ii. The above practice by the Agency contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Product Pricing Regulatory Agency, Abuja.

Risks

i. Impediments to Public Accounts Committees oversight
ii. Sub-optimal decisions by those charged with governance.

Management's Response

No response.

Recommendations

The Executive Secretary should be requested to:

i. Submit the audited financial statements, in respect of 2018 and 2019 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 4: UNDUE FINANCIAL INTERFERENCE BY THE SUPERVISING MINISTRY (=₦4,069,390.00)

Paragraph 2 of the Establishment Circular Reference No. SGF.6/VIII dated 8th May 2008 states "…the practice of Ministers and Ministries accepting or requesting for funds and financial support of any form, including loans and purchase of vehicles from the Parastatals under their supervision should be stopped henceforth. Chief Executives of Parastatals will be held accountable for such lapses including the provision of facilities and vehicles to Ministers and Ministries." Also, paragraph 415 of the Financial Regulations (FR) 2009, states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦4,069,390.00 (Four million, sixty nine thousand, three hundred and ninety naira) was paid by the Petroleum Product Pricing Regulatory Agency (PPPRA) as estacode allowance for officers of the Ministry of Petroleum Resources through voucher No. CBN/310/19 dated 21st March, 2019, and
ii. There was no document to show grant of waiver to PPPRA to support the above payments to the supervising Ministry.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Product Pricing Regulatory Agency, Abuja.

Risks

i. Waste of government fund.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for the payment of ₦4,069,390.00 (Four million, sixty-nine thousand, three hundred and ninety naira) to the Ministry of Petroleum Resources.
ii. Recover and remit the sum of ₦4,069,390.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

SECTION 17

TREASURY
AUDIT DEPARTMENT

OFFICE OF THE ACCOUNTANT GENERAL OF THE FEDERATION
SUB-TREASURY OF THE FEDERATION (STF)

FEDERAL GOVERNMENT GIRL'S COLLEGE (FGGC), BWARI

At the Federal Government Girl's College (FGGC), Bwari), the following observations were made:

ISSUE1: INFLATION OF CONTRACT AND PAYMENT WITHOUT THE APPROVAL FOR VARIATION OF CONTRACT (=₦3,748,500.03)

Paragraph 2 of the Establishment Circular with Ref. No. SGF/OP/I/S.3/VIII/124 dated 25th August 2009 states "…all contracts which require variations are to be submitted to the Bureau of Public Procurement for review and issuance of necessary Due Process Certificate of "No Objection" to facilitate their approvals by the appropriate Tenders Board depending on their Revised Estimated Costs." Furthermore, paragraph 3 of the Establishment Circular with Reference No: SGF/OP/I/S.3/X/372 dated 25th July 2013 states "…Mr. President's approval must be formally sought and obtained for RETO/Variations above 15% of the initial Contract Award sum and/or above ₦1 billion, before forwarding same to the Bureau of Public Procurement for certification." Also, paragraph 415 of the Financial Regulations (FR), 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦8,491,377.83 (Eight million, four hundred and ninety one thousand, three hundred and seventy seven naira eighty three kobo) was paid through voucher No. FGGC/BWR/ABJ/CAP/25/2019 dated 4th March 2019, for the expansion of security post and construction of modern toilet facilities for staff and visitors.
ii. The original bid submitted by the contractor was ₦4,742,877.80 (Four million, seven hundred and forty two thousand, eight hundred and seventy seven naira, eighty kobo) which was approved by the School Tenders Board and recommended to the Federal Ministry of Education for ratification, and
iii. The Federal Ministry of Education approved the contract at the cost of ₦8,491,377.83 instead of ₦4,742,877.80 that was earlier approved and recommended by College's Tenders Board thereby resulting to an inflation of ₦3,748,500.03 (Three million, seven hundred and forty eight thousand, five hundred naira, three kobo) in the contract costs.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girl's College (FGGC), Bwari.

Risks

i. Loss of Government fund.
ii. Inflation of contracts.

Management's Response

In the 2018 Appropriation Act the amount on capital voucher for the sum ₦8,491,377.83 for MSAE & E Nig. Ltd was for the expansion of security post and construction of modern toilet. However, the schools Tender Board reviewed to the contract sum downward to ₦4,558,106.14 (Attached is the Memorandum) prepared by the principal of the college submitted to Federal Ministry of Education Headquarters before the contract sum was reviewed upward to ₦8,491,377.83 by Ministerial Tenders Board.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,748,500.03 (Three million, seven hundred and forty eight thousand, five hundred naira, three kobo) being inflated contract costs.
ii. Recover and remit the sum of ₦3,748,500.03 to the Treasury,
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to inflation of contract and unauthorized variation of contract prescribed in paragraphs 3102 and 3103 of the Financial Regulations 2009 respectively, should apply.

FEDERAL GOVERNMENT BOY'S COLLEGE (FGBC), GARKI, ABUJA

At the Federal Government Girl's College (FGBC), Garki), the following observations were made:

ISSUE 1: PRELIMINARY, ADMINISTRATIVE, AND CONTIGENCY PROVISIONS NOT ACCOUNTED FOR (=₦8,978,136.19)

Paragraph 412 of the Financial Regulations (FR), 2009 states "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with terms of the contract agreement, that as regards supplies, the articles have been received and, in the case of work, that it has been properly done. In the case of payment on account, no money will be claimed other than the cost of the work certified tohave been performed. Furthermore, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Similarly, paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. Provision for Contingency, Preliminary and Administration fees amounting to ₦8,978,136.19 (Eight million, nine hundred and seventy eight thousand, one hundred

and thirty six naira, nineteen kobo) was included in Bills of Quantities (BOQ) relating to two (2) contracts and paid to contractors, and

ii. The provisional amount was paid to contractors without evidence of approval for utilization and retirement.

The above anomalies could be attributed to weakness in the internal control system at the Federal Government Boy's College (FGBC), Garki.

Risks

i. Diversion of public funds
ii. Payments for jobs not executed.

Management's Response

See Appendix 2 as requested being utilization of preliminary, administrative and contingency expenses.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,978,136.19 (Eight million, nine hundred and seventy eight thousand, one hundred and thirty six naira, nineteen kobo) being unaccounted preliminary and contingency payments.
ii. Recover and remit to the Treasury, the sum of ₦8,978,136.19.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

AFRICAN REGIONAL INSTITUTE FOR GEOSPATIAL INFORMATION SCIENCE AND TECHNOLOGY (AFRIGIST)

At African Regional Institute for Geospatial information Science and Technology (AFRIGIST), the following observations were made:

ISSUE 1: OVER-PAYMENT TO CONTRACTORS THROUGH THE ADDITION OF WHT TO THE CONTRACT COSTS (=₦5,007,893.00)

Paragraph II of Federal Inland Revenue Service (FIRS)'s Information Circular with Reference Number 9502 dated 20th February 1995 states "Ministries, departments and agencies of government do not bear the burden of WHT, but they merely act as agent of collection of the tax."

Audit observed that:

i. The sum of ₦5,007,893.07 (Five million, seven thousand, eight hundred and ninety three naira, seven kobo) included 5% withholding tax in the contract cost of ₦107,256,687.00

(One hundred and seven million, two hundred and fifty six thousand, six hundred and eighty seven naira) was paid to contractors through three (3) paid vouchers, and

ii. The inclusion of the withholding tax (WHT) to contract costs had shifted the burden of tax from the contractors to the Government contrary to extant regulations.

The above anomalies could be attributed to the weakness in the internal control system at African Regional Institute for Geospatial information Science and Technology (AFRIGIST).

Risks

i. Loss of Public Fund.
ii. Overpayment to Contractors.

Management's Response

The arithmetic calculation of VAT, WHT and STD are performing through the GIFMIS platform upon up loading of the gross payment figure on the system. This follows that the deduction is made automatically as input by the GIFMIS platform and as such deduction are made before getting the net pay due to the contractor.

Recommendations

The Sub-Treasurer should be requested to:

i. Accountto the Public Accounts Committees of the National Assembly, the sum of ₦5,007,893.07 (Five million, seven thousand, eight hundred and ninety three naira, seven kobo) being inclusion of 5% Withholding Tax on contracts.
ii. Recover and remit to the Treasury the sum of ₦5,007,893.07.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

FEDERAL GOVERNMENT GIRLS' COLLEGE (FGGC), ABAJI, ABUJA

At the Federal Government Girls' College (FGGC), Abaji, Abuja, the following observations were made:

ISSUE 1: INFLATION OF CONTRACT THROUGH ALTERATION OF PROCUREMENT DOCUMENTS WITHOUT DUE PROCESS (=₦127,345.51)

Section 31(3) of Public Procurement Act (2007) States "The following shall not be sought, offered or permitted: (a) changes in prices; (b) changes of substance in a bid; and (c) changes to make an unresponsive bid responsive.''

Audit observed that:

i. The sum of ₦8,698,620.62 (Eight million, six hundred and ninety eight thousand six hundred and twenty naira, sixty two kobo) was paid to a company for the renovation and furnishing of examination Hall, through voucher Number FGGC/ABAJI/CAP/33/2019 dated 27th May, 2019.

ii. The original bid submitted by the contractor was ₦8,571,275.11 (Eight million, five hundred and seventyone thousand, two hundred and seventy five thousand, eleven kobo). The same amount was approved by the College Tenders Board and recommended to Federal Ministry of Education for ratification.
iii. The contract price was changed from ₦8,571,275.11 to ₦8,698,620.62 without justification, thereby resulting in excess payment of ₦127,345.51 (One hundred and twenty seven thousand, three hundred and forty five naira, fifty one kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College (FGGC), Abaji, Abuja

Risks

i. Loss of Government funds.
ii. Inflation of contracts.

Management's Response

The contracts were awarded to qualified bidders as approved by the School Tender Board.

Recommendations

The Principalshould be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦127,345.51 (One hundred and twenty seven thousand, three hundred and forty five naira, fifty one kobo) being inflated amount on the contract price.
ii. Recover and remit to Treasury, the sum of ₦127,345.51.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to inflation of contract prescribed paragraph 3102(i) of the Financial Regulations 2009 should apply.

SECTION 18

UNIVERSITY TEACHING HOSPITALS AND ALLIED INSTITUTIONS AUDIT DEPARTMENT

ABUBAKAR TAFAWA BALEWA UNIVERSITY TEACHING HOSPITAL, BAUCHI

At the Abubakar Tafawa Balewa University Teaching Hospital, Bauchi, the following observations were made:

ISSUE 1: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦19,440,000.00)

Paragraph 603(i) of the FR 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The sum of ₦19,440,000 (Nineteen million, four hundred and forty thousand naira) was paid by the Hospital between March, 2018 and August, 2019, and
ii. Relevant supporting documentssuch as Store Receipt Vouchers (SRV), Store Issue Vouchers (SIV), receipts, invoices, etc were not attached to the paid vouchers in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Abubakar Tafawa Balewa University Teaching Hospital, Bauchi.

Risks

i. Payment for works not done.
ii. Diversion of public funds.

Management's Response

It was understood that the supporting document of some of the payments have not been attached to the paid vouchers, rather they were in the original file where the approval were granted. In view of this, such supporting document have been retrieved and now attached to the paid vouchers as required by the relevant Financial Regulation and are hereby attached as appendix 2 to this paragraph. Necessary precaution would be observed in the future to ensure adequate documentation on all paid vouchers, please.

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,440,000.00 (Nineteen million, four hundred and forty thousand naira) paid without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦19,440,000.00.
iii. Forward evidence of remittances to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanction relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 2: UNJUSTIFIED PAYMENT FOR ELECTRICITY BILLS (=₦4,572,000.00)

Paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Furthermore, paragraph 713 of the FR 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." In addition, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid."

Audit observed that:

i. The sum of ₦4,572,000.00 (Four million, five hundred and seventy two thousand naira) was paid to two (2) officers between March and October, 2018 for the purchase of credit units to recharge the hospital's prepaid meter.
ii. The payments in (i) above was made to officers of the Hospital instead of making it directly to the relevant electricity distribution company, thereby casting doubt on the authenticity of the expenditure, and
iii. Relevant supporting documents such as electricity bill and the receipt of payment were not attached to the paid voucher.

The above anomalies could be attributed to weaknesses in the internal control system at the Abubakar Tafawa Balewa University Teaching Hospital, Bauchi

Risks

i. Loss of government funds.
ii. Diversion of government funds.

Management's Response

It is correct that no cash advance should be granted to a staff exceeding ₦200,000. However, this amount paid in the name of Ahmad Sadiq Abubakar via PV No.017/18 for the sum ₦2,500,000 was for the purchase of prepaid electricity bill from the JED. The hospital has set up a committee responsible for monitory of Electricity usage. Thus, it is same committee that handles all electricity matters. This payment was been made to the above staff who was the secretary of the committee for onward direct purchase of the electricity token.

Please note that, already payment of all electricity bills are no longer being paid in advance but directly to the Jos Electricity Company (JED) as its designated collection agents."

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum ₦4,572,000.00 (Four million, five hundred and seventy two thousand naira) paid without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦4,572,000.00.
iii. Forward the evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

AHMADU BELLO UNIVERVISTY TEACHING HOSPITAL, ZARIA

At the Ahmadu Bello University Teaching Hospital, Zaria, the following observations were made:

ISSUE 1: NON-DEDUCTION AND REMITTANCE OF 1% STAMP DUTY (=₦5,864,478.47)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:

i. The Hospital failed to deduct the statutory 1% stamp duty amounting to ₦5,864,478.47 (Five million, eight hundred sixty four thousand, four hundred and seventy eight naira, forty seven kobo) on contracts awarded in 2019, and
ii. Government had by the action in (i) above, lost the sum of ₦5,864,478.47 that would have accrued by way of 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Ahmadu Bello University Teaching Hospital, Zaria.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response

It should be noted that GIFMIS platform is an accounting package which is designed to automatically deduct VAT & TAX from the contract sum whenever payments is initiated. During the period under review, we have observed that the 1% Stamp Duty payment when up-loaded through GIFMIS does not drop as expected. The attention of the ABUTH GIFMIS Accounting Officer at the Accountant General's office was drawn on the issue, but the problem is yet to be rectified. However, Management will communicate with the companies concern to remit the 1% Stamp Duty of the contract sum to Federal Inland Revenue Services (FIRS) and bring the evidence of remittance.

Recommendations

The Chief Medical Director should be requested to:

i. Recover and remit to the Treasury, the sum of ₦5,864,478.47 (Five million, eight hundred sixty four thousand, four hundred and seventy eight naira, forty seven kobo) from the affected contractors.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect government revenue prescribed in paragraph 3112 (i) of the Financial Regulations 2009 should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦6,710,000.00)

Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Furthermore, paragraph 2946(i) of the Financial Regulations 2009 states "The procedure for procurements under the direct procurement method shall be through an invitation by the procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract."

Audit observed that:

i. The sum of ₦6,710,000.00 (Six million, seven hundred and ten thousand naira) was paid to an officer for the supply of surgical face masks and latex hand gloves.
ii. The payment in (i) above was made to an officer instead of companies that participated in the bidding process. The payments were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. The action of the Hospital resulted in the loss of revenue that would have accrued to the government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Ahmadu Bello University Teaching Hospital, Zaria.

Risks

i. Payment for items not supplied.
ii. Supply of inferior items.
iii. Diversion of public funds.

Management's Response

"This was an emergency purchase of protective materials to curtail the rapid spread of the COVID 19 Virus within the Hospital."

Kindly find attached the authority letter mandating the payment of (₦2,200,000.00, ₦2,010,000.00 and ₦2,500,000.00) respectively, into Mal. Dalhatu Mohammed's account, letter of retirement of advance and Store Receipt Voucher all as evidence that the items were purchased and delivered in the Central Stores for dispatch to COVID centre."

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,710,000.00 (Six million, seven hundred and ten thousand naira) paid to an officer of the hospital for the supply of surgical face masks and latex hand gloves.
ii. Recover and remit the sum of ₦6,710,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and poor management of public funds prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 should apply.

FEDERAL TEACHING HOSPITAL GOMBE

At the Federal Teaching Hospital, Gombe, the following observations were made:

ISSUE 1: NON-DEDUCTION OF STATUTORY 1% STAMP DUTY (=₦2,649,630.55)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:

i. The Hospital failed to deduct the statutory 1% stamp duty amounting to ₦2,649,630.55 (Two million, six hundred and forty nine thousand, six hundred and thirty naira, fifty five kobo) on contracts awarded in 2020, and
ii. Government had by the action in (i) above, lost the sum of ₦2,649,630.55 that would have accrued by way of 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Teaching Hospital, Gombe.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.

Management's Response
We find it impossible to deduct the 1% on contract in year 2020 as there was no provision for it in the GIFMIS platform. But have started the deduction in year 2021 following advice to ask contractors to pay 1% to FIRS before contract payments.

Recommendations
The Chief Medical Director should be requested to:
i. Recover and remit to the Treasury, the sum of ₦2,649,630.55 (Two million, six hundred and forty nine thousand, six hundred and thirty naira, fiftyfive kobo) from the affected contractors.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect government revenue prescribed in paragraphs 3112(i) of the Financial Regulations 2009 should apply.

ISSUE 2: UNAPPROVED VIREMENTFROM CAPITAL EXPENDITURE VOTE (=₦57,202,291.50)

Section 27(1) of the Fiscal Responsibility Act (FRA), 2007 states "The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act."Furthermore, section 27(2) of the FRA 2007 states"Without prejudice to subsection (1) of this section, the Ministry may in exceptional circumstances and in the overall public interest, recommend for the approval of the National Assembly virements from sub-heads of account, without exceeding the amount appropriated to such head of account."

Audit observed that:
i. The Hospital paid the sum of ₦57,202,291.50 (Fifty seven million, two hundred and two thousand, two hundred and ninety one naira, fifty kobo) to finance academic and professional sponsorship training through two hundred and thirty nine (239) payments from the Capital Expenditure Sub-head, and
ii. The payments in (i) above were made from the recurrent expenditure sub-head for training of finance and other staff without evidence of approval for virement from the Minister of Finance and the National Assembly.

The above anomalies could be attributed to weaknesses in the internal control system atthe Federal Teaching Hospital, Gombe.

Risks
i. Misapplication of funds
ii. Misappropriation of public funds.

Management's Response
The 2020 budget under Research and Development has training provision. Management has the approval of the budget office to spend that aspect on training.

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦57,202,291.50 (Fifty seven million, two hundred and two thousand, two hundred and ninety one naira, fifty kobo) being unapproved virement.
ii. Refund the sum of ₦57,202,291.50 to the Treasury.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 3: UNAPPROVED VIREMENT FROM RECURRENT EXPENDITURE SUBHEAD (=₦9,856,954.42)

Section 27(1) of the Fiscal Responsibility Act (FRA) 2007 states "The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act."Furthermore, section 27(2) of the FRA 2007 states"Without prejudice to subsection (1) of this section, the Ministry may in exceptional circumstances and in the overall public interest, recommend for the approval of the National Assembly virements from sub-heads of account, without exceeding the amount appropriated to such head of account."

Audit observed that:

i. The Hospital paid the sum of ₦9,856,954.42 (Nine million, eight hundred and fifty six thousand, nine hundred and fifty four naira, forty kobo) to finance line items under the Capital Expenditure Sub-head through ninety eight (98) payments from the Recurrent Expenditure Sub-head, and
ii. The payments in (i) above were made from the capital expenditure sub-head without evidence of approval for virement from the Minister of Finance and the National Assembly.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Teaching Hospital, Gombe.

Risks

i. Misapplication of funds
ii. Diversion of public funds.

Management's Response

This is noted for future correction.

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦9,856,954.42 (Nine million, eight hundred and fifty six thousand, nine hundred and fiftyfour naira, forty kobo) being unapproved virement from recurrent expenditure.
ii. Recover and remit the sum of ₦9,856,954.42 to the Treasury,

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

HEALTH RECORDS OFFICERS REGISTRATION BOARD, ABUJA

At the Health Records Officers Registration Board, Abuja, the following observations were made:

ISSUE 1: EXTRA-BUDGETARY EXPENDITURE (=₦6,092,305.00)

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Furthermore, section 27(1) of the Fiscal Responsibility Act, 2007 states "The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act." Also, paragraph 417 of the Financial Regulations (FR) 2009 states "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Similarly, paragraph 417 of the FR 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."In addition, paragraph 301 of the FR 2009, states "any officer controlling a vote or part thereof, who incurs expenditure without authority does so on his sole responsibility and will consequently be held pecuniary responsible for his action."

Audit observed that:
i. The Board paid the sum of ₦5,763,605.00 (Five million, seven hundred and sixty three thousand, six hundred and five naira) to a consultant to conduct research on the "development and deployment of National Electronic Health Record Software", through voucher number HRB/CAP/001 dated 7th October, 2019.
ii. The sum of ₦328,700.00 (Three hundred and twenty thousand, seven hundred naira) were expenditure made for several items but not captured in the Board's 2019 Appropriation Act, and
iii. The payments in (i) and (ii) above totaling ₦6,092,305.00 (Six million, ninety two thousand, three hundred and five naira) were not captured in the Board's 2019 Appropriation Act, thereby resulting in extra-budgetary expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Health Records Officers Registration Board, Abuja.

Risks
i. Misappropriation of public funds.
ii. Diversion of public funds.

Management's Response
"This has been corrected in the 2020 budgetary expenditures."

Recommendations
The Registrar should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦6,092,305.00 (Six million, ninety two thousand, three hundred and five naira) being extra-budgetary expenditure without approvals.
ii. Recover and remit to the Treasury, the sum of ₦6,092,305.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and irregular award of contract prescribed in paragraphs 3106 and 3117 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: ITEMS NOT TAKEN ON STORES CHARGE (=₦10,868,785.62)

Paragraph 2402(i) of the Financial Regulations (FR) 2009 states "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR 2009 states "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:
i. The sum of ₦10,868,785.62 (Ten million, eight hundred and sixty eight thousand, seven hundred and eighty five naira, sixty two kobo) was paid between February and July, 2019 for the procurement of store items such as stationeries, office equipment, etc., and
ii. There was no evidence that the items procured were taken on ledger charge as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Health Records Officers Registration Board, Abuja.

Risks
i. Payments for items not procured.
ii. Diversion of government funds.

Management's Response
"Officers concerned have been directed to reconcile with the Stores Unit."

Recommendations

The Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,868,785.62 (Ten million, eight hundred and sixty eight thousand, seven hundred and eighty five naira sixty two kobo) expended on stores not taken on ledger charge
ii. Recover and remit to the Treasury, the sum of ₦10,868,785.62.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

AMINU KANO TEACHING HOSPITAL

At the Aminu Kano Teaching Hospital, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦233,919,014.12)

Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November 2016, states "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:

i. The sum of ₦944,414,231.49 (Nine hundred and forty four million, four hundred and fourteen thousand two hundred and thirty one naira, forty nine kobo) was the Internally Generated Revenue (IGR) by the Hospital in 2020.
ii. 25% of the IGR in (i) above amounted to ₦236,103,557.87 (Two hundred and thirtysix million, one hundred and three thousand, five hundred and fifty seven naira, eighty seven kobo), out of which the sum of ₦2,184,543.75 (Two million one hundred and eighty four thousand five hundred and forty three naira seventy five kobo) was remitted to the Treasury, and
iii. The sum of ₦233,919,014.12 (Two hundred and thirty three million nine hundred and nineteen thousand, fourteen naira twelve kobo), being the balance from the 25% IGR, remained unremitted, contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Aminu Kano Teaching Hospital.

Risks

i. Loss of government funds.
ii. Diversion of public funds

Management's Response

"The Revenue captured by the Auditors were revolving fund which is cost-plus value, whereby, the associates/direct costs of the revenue items were not considered before computation of remittable 25% of gross profit made on sales. This factor was considered before the Hospital arrived at the sum reported in our Revenue Books of Account and not direct application of 25% on sales as presented by the Auditors. We did not know where the Auditors got their figure from because our records for internally generated revenue was ₦108,912,638.36 Out of this, we remitted ₦14,366,710.30 in the year under review and the balance of ₦12,861,449.29 was remitted in the year 2021."

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly,the sum of ₦233,919,014.12 (Two hundred and thirty three million nine hundred and nineteen thousand, fourteen naira twelve kobo) being the unremitted 25% of the Internally Generated Revenue.
ii. Refund the sum of ₦233,919,014.12 to the Treasury.
iii. Forward evidence of the refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect government revenue in paragraph 3112 of the Financial Regulations (FR) 2009, should apply.

ISSUE 2: NON-DEDUCTION OF STATUTORY TAXES(=₦47,658,426.75)

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR 2009 states "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the sametime the payee who is the subject of the deduction is paid."

Audit observed that:

i. The Hospital made several payments for various contracts in 2020, and
ii. The sum of ₦47,658,426.75 (Forty seven million, six hundred and fifty eight thousand, four hundred and twenty six naira, seventy five kobo), being statutory Value Added Taxes (VAT), Withholding Taxes (WHT) and Stamp Duties from the contracts in (i) above was not remitted to the relevant tax authorities.

The above anomalies could be attributed to weakness in the internal control system atthe Aminu Kano Teaching Hospital.

Risks

i. Loss of government funds.
ii. Diversion of public funds.

Management's Response

No response.

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦47,658,426.75 (Forty seven million, six hundred and fifty eight thousand, four hundred and twenty six naira, seventy five kobo) being undeducted statutory taxes.
ii. Recover and remit to the Treasury, the sum of ₦47,658,426.75.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly.
iii. Otherwise, sanctions relating to failure to collect government revenue prescribed in paragraph 3112 of the Financial Regulations (FR) 2009, should apply.

NATIONAL TUBERCULOSIS, LEPROSY AND BURULI-ULCER CONTROL PROGRAMME (NTBLCP)

At the National Tuberculosis, Leprosy, and Buruli-Ulcer Control Programme Abuja, the following observations were made:

ISSUE 1: GRANTS NOT ACCOUNTED FOR (=₦1,538,660,861.00)

Paragraph 715 of the Financial Regulations (FR) 2009 states "Sub-Accounting Officers must ensure that all sums paid direct into their bank accounts are brought to account in their cash books promptly". Also, paragraph 730(ii) of the FR states "Any revenue paid to bank which does not appear in the bank statement after a reasonable period shall be investigated and a written reply for its nonappearance shall be obtained from the bank and necessary reconciliations effected". Furthermore, paragraph 415 of the FR 2009 states ''The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦5,199,958,669.67 (Five billion, one hundred ninety nine million, nine hundred and fifty eight thousand, six hundred and sixty nine naira, sixty seven kobo) was received as grant from the donors between 2017, and May 2020.
ii. The sum of ₦3,661,297,808.53 (Three billion, six hundred and sixty one million, two hundred and ninety seven thousand, eight hundred and eight naira, fifty three kobo) was disclosed in NTBLCP records, and
iii. The sum of ₦1,538,660,861.14 (One billion, five hundred and thirty eight million, six hundred and sixty thousand, eight hundred and sixty one naira, fourteen kobo) was not disclosed.

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks
i. Diversion of public funds.
ii. Difficulty in funding budget.

Management's Response
No response.

Recommendations
The National Coordinator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly the sum of ₦1,538,660,861.14 (One billion, five hundred and thirty eight million, six hundred and sixty thousand, eight hundred and sixty one naira, fourteen kobo) being undisclosed grants received from donors.
ii. Recover and remit to the Treasury the sum of ₦1,538,660,861.14.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to failure to account for Government Revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT TO STAFF (=₦97,073,289.23)

Paragraph 603 (i) of the Financial Regulations (FR) 2009 states “All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets etc.” Furthermore, paragraph 415 of the FR 2009, states “The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.”

Audit observed that:
i. The sum of ₦97,073,289.23 (Ninety seven million, seventy three thousand two hundred and eighty nine naira, twenty three kobo) was spent on reimbursement of expenses to staff in 2017, and
ii. The nature of work done, or procurements made which gave rise to the expenditure was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks
i. Loss of government funds.
ii. Payment for goods not delivered or services not rendered.

Management's Response
No response.

Recommendations
The National Coordinator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly the sum of ₦97,073,289.23 (Ninety seven million, seventy three thousands two hundred and eighty nine naira, twenty three kobo), being irregular payment to staff.
ii. Recover the sum of ₦97,073,289.23 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment stated in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 3: NON-REMITTANCE OF STATUTORY TAXES (=₦5,486,776.70)

Paragraph 234(i) of the Financial Regulations (FR) 2009 states "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and With-holding Tax (WHT) due on supply and services contract and actual remittance of same." Also, paragraph 235 of the FR 2009 states “Deductions for WHT and VAT shall be remitted to the Federal Inland Revenue Service at the same time the payee who is the subject of the deduction is paid.”

Audit observed that:
i. The sum of ₦5,486,776.70 (Five million, four hundred and eighty six thousand, seven hundred and seventy six naira, seventy kobo) being Withholding Tax (WHT) and Pay As You Earn (PAYE) deducted from one hundred and thirty six (136) payments in 2017, and
ii. There was no evidence that the amount deducted was remitted to the relevant tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks
i. Loss of revenue to government.
ii. Difficulty in funding budget.

Management's Response
No response

Recommendations
The National Coordinator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly the sum of ₦5,486,776.70 (Five million, four hundred and eighty six thousand, seven hundred and seventy six naira, seventy kobo) being statutory taxes deducted but not remitted.
ii. Recover and remit, the sum of ₦5,486,776.70 to the relevant tax authorities.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to, non-remittance of VAT & WHT, failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 234(ii& iii), 3112 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 4: ADVANCES AND DIRECT PAYMENTS TO STATES UNACCOUNTED FOR (=₦1,145,508,486.27)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 415 of the FR states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦547,041,654.01 (Five hundred and forty seven million, forty one thousand, six hundred and fifty four naira, one kobo) was advanced for State Based Implementation programs between January 2019 and 2020.
ii. The sum of ₦598,466,832.26 (Five hundred and ninety eight million, four hundred and sixty six thousand, eight hundred and thirty two naira, twenty six kobo) was also disbursed to States during the same period.
iii. In all, the Control Programme disbursed a total of ₦1,145,508,486.27 (One billion, one hundred and forty five million, five hundred and eight thousand, four hundred and eighty six naira, twenty seven kobo) to the States, and
iv. There was no documentary evidence to substantiate the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks
i. Loss of government funds.
ii. Diversion of public funds.

Management's Response
No response.

Recommendations
The National Coordinator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,145,508,486.27 (One billion, one hundred and forty five million, five hundred and eight thousand, four hundred and eighty six naira, twenty seven kobo) being advances and direct payments for state based implementation program.
ii. Recover the sum of ₦1,145,508,486.27 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to non-retirement of advances and imprest specified in paragraph 3124 of the Financial Regulations 2009 should apply.

ISSUE 5: PROGRAMME ADMINISTRATION FUND UNACCOUNTED FOR (=₦115,427,822.00)

Paragraph 1405 of the Financial Regulations (FR) 2009, states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR states "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 415 of the FR states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦115,427,822.00 (One hundred and fifteen million, four hundred and twenty seven thousand, eight hundred and twenty two naira) was released to the Office of the National Coordinator for the administration purposes in 2019, and
ii. There was no documentary evidence to substantiate the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks
i. Loss of government funds.
ii. Diversion of public funds.

Management's Response
No Response.

Recommendations
The National Coordinator should be requested to:
i. Account to the Public Accounts Committees of the Nationmal Assembly, the sum of ₦115,427,822.00 (One hundred and fifteen million, four hundred and twenty seven thousand, eight hundred and twenty two naira), being unaccounted funds for administrative purposes.
ii. Recover and remit the sum of ₦115,427,822.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of advances and imprest specified in paragraph 3124 of the Financial Regulations 2009 should apply.

ISSUE 6: EXTRA-BUDGETARY EXPENDITURE (=₦36,063,478.25)

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund

of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The approved budget for the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme in 2019 was ₦15,361,700.00 (Fifteen million, three hundred and sixty one thousand, seven hundred naira) while the total expenditure was ₦51,425,178.25 (Fifty one million, four hundred and twenty five thousand, one hundred and seventy eight naira, twenty five kobo), and
ii. The above resulted in extra budgetary expenditure of ₦36,063,478.25 (Thirty six million, sixty three thousand, four hundred and seventy eight naira, twenty five kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks

i. Diversion of public funds.
ii. Payment of unapproved expenditure.
iii. Loss of government funds.

Management's Response

No response.

Recommendations

The Coordinator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the contract award for the sum of ₦36,063,478.25 (Thirty six million, sixty three thousand, four hundred and seventy eight naira, twenty five kobo) without budgetary provision.
ii. Recover and remit to the Treasury, the sum of ₦36,063,478.25.
iii. Forward evidence of remittance of (ii) above to the Public Accounts Committees of the National Assembly, and
iv, Otherwise, sanctions relating to payment for jobs not executed and irregular payment specified in paragraphs 3104(iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: EXPENDITURE FOR "PROCUREMENT AND SUPPLY CHAIN" NOT ACCOUNTED FOR (=₦514,637,352.00)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in cash books /accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a

cheque be raised, or cash paid for service which a voucher has not been raised." Furthermore, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦514,637,352.00 (Five hundred and fourteen million, six hundred and thirty seven thousand, three hundred and fifty two naira) was approved and spent on procurement and supply chain in 2019, and
ii. The breakdown of the procurements and supply chains was not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks

i. Diversion of public funds.
ii. Payment may be made for drugs not supplied.

Management's Response

No Response.

Recommendations

The National Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦514,637,352.00 (Five hundred and fourteen million, six hundred and thirty seven thousand, three hundred and fifty two naira) spent on the procurement and supply chain in 2019.
ii. Recover and remit the sum of ₦514,637,352.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 8: PROCUREMENT OF NON-HEALTH PRODUCTS NOT ACCOUNTED FOR (=₦69,812,370.00)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in cash books /accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a cheque be raised, or cash paid for service which a voucher has not been raised." Furthermore, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The sum of ₦69,812,370.00 (Sixty nine million, eight hundred and twelve thousand, three hundred and seventy naira) was spent on the procurement of some Non-Health products in 2019, and
ii. The breakdown of the Non-Health Products was not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks
i. Diversion of public funds.
ii. Payments for items not supplied.

Management's Response
No Response.

Recommendations
The National Coordinator should be requested to:
i. Account for the sum of ₦69,812,370.00 (Sixty nine million, eight hundred and twelve thousand, three hundred and seventy naira) spent on the procurement of Non-Health products in 2019.
ii. Recover and remit the sum of ₦69,812,370.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 9: PROCUREMENT OF HEALTH PRODUCTS NOT ACCOUNTED FOR (=₦2,228,069,631.00)

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, paragraph 601 of the Financial Regulations (FR) 2009 states "All payment entries in cash books/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a cheque be raised, or cash paid for service which a voucher has not been raised." Furthermore, paragraph 708 of the Financial Regulations (FR) 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme budgeted the sum of ₦2,189,716,551.00 (Two billion, one hundred and eighty nine million, seven hundred and sixteen thousand, five hundred and fifty one naira) for procurement of health products.
ii. The Global Fund increased the amount by ₦39,253,080.00 (Thirty nine million, two hundred and fifty three thousand, eighty naira).

iii. The total of (i) and (ii) above, amounted to ₦2,228,069,631.00 (Two billion, two hundred and twenty eight million, sixty nine thousand, six hundred and thirty one naira) for the procurement of health products in 2019, and
iv. The breakdown of the Health Products procured was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Tuberculosis, Leprosy and Buruli-Ulcer Control Programme (NTBLCP).

Risks

i. Diversion of public funds.
ii. Payment for drugs not supplied.

Management's Response

No Response.

Recommendations

The National Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,228,069,631.00 (Two billion, two hundred and twenty eight million, sixty nine thousand, six hundred and thirty one naira) for the procurement of health products.
ii. Recover and remit the sum of ₦2,228,069,631.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.