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, 2021

(VOLUME I)

THE AUDITOR-GENERAL FOR THE FEDERATION

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AuGF/AR.2021/02 **15th October, 2024**

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, 2021

Pursuant to 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, 2021.

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, 2021 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/2023/PRO/ANAN/001/794576

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To be continued in Volume II

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) of the Federal Government of Nigeria (FGN) covered by the Auditor-General for the Federation's Annual Report on Non-compliance/Internal Control Weaknesses in MDAs of the FGN for the year ended 31st December, 2021. 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. Also, 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 for the year ended 31st December, 2024, are:

ISSUE 1: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦7,386,551,051.09)

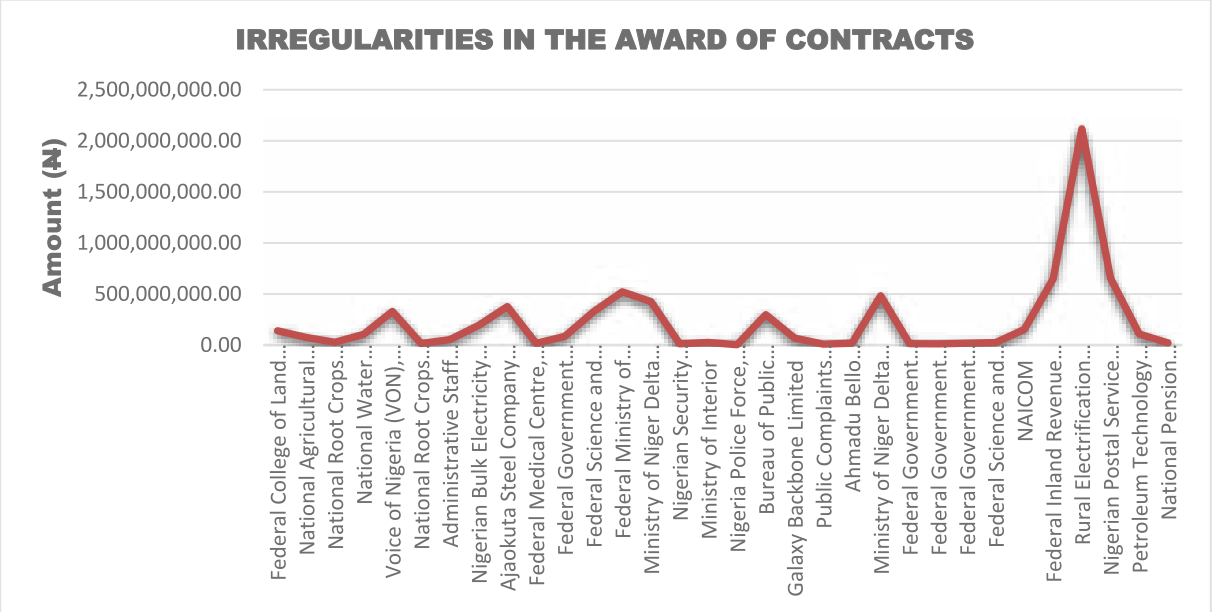
Description of Findings

Paragraph 2921(i) of the Financial Regulations (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."

Audit observed that:

i. The sum of ₦7,386,551,051.09 (Seven billion, three hundred and eighty six million, five hundred and fifty one thousand, fifty one naira, nine kobo) was the amount of irregularities in the award of contracts by thirty two (32) Ministries, Departments and Agencies (MDAs), and

ii. The Rural Electrification Agency, Abuja, has the highest amount of ₦2,117,143,168.09 (Two billion, one hundred and seventeen million, one hundred and three thousand, one hundred and sixty eight naira, nine kobo) while the Nigerian Security Printing and Minting Company Plc. (NSPM) has the least amount of ₦11,720,000 (Eleven million, seven hundred and twenty thousand naira) as shown in the Figure below.



ISSUE 2: **IRREGULAR PAYMENTS (=₦115,674,547,815.23)**

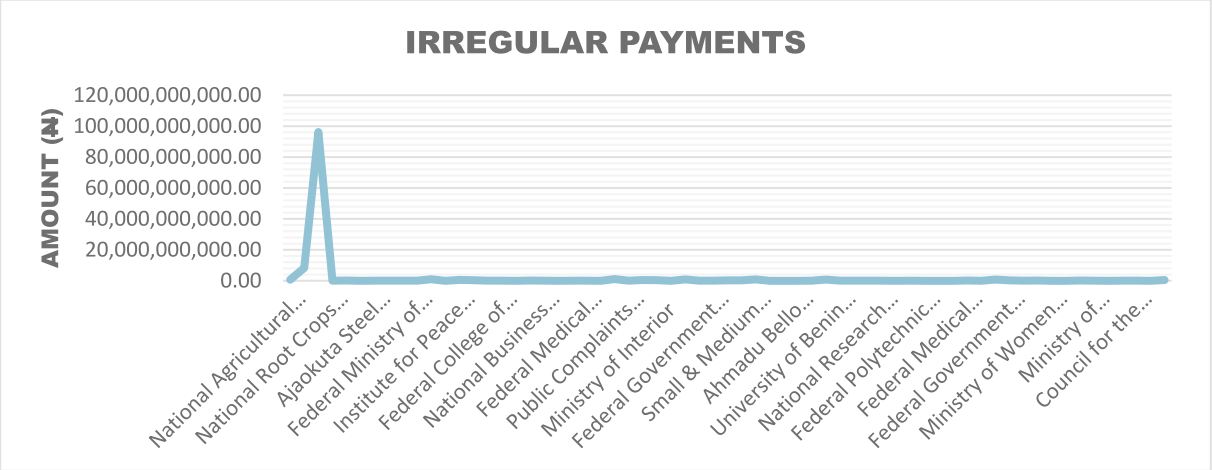
Description of Findings

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 ₦115,674,547,815.23 (One hundred and fifteen billion, six hundred and seventy four million, five hundred and forty seven thousand, eight hundred and fifteen naira, twenty three kobo) was the amount of irregular payments by sixty four (64) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Bulk Electricity Trading Plc., Abuja has the highest amount of ₦96,196,794,844.67 (Ninety six billion, one hundred and ninety six million, seven hundred and ninety four thousand, eight hundred and forty four naira, sixty seven kobo) while the Federal Neuro-Psychiatric Hospital, Kaduna, has the least amount of ₦1,323,150.00 (One million, three hundred and twenty three thousand, one hundred and fifty naira) as shown in the Figure below.



ISSUE 3: PAYMENTS FOR JOBS/CONTRACTS NOT EXECUTED (=₦167,592,177,559.40)

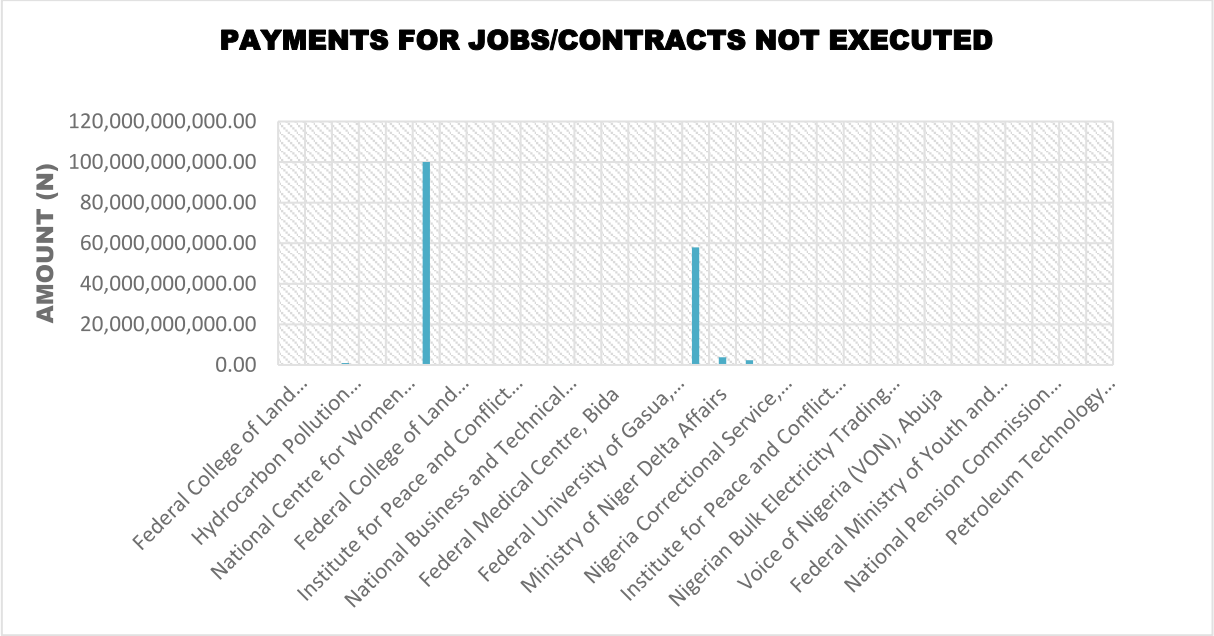
Description of Findings

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 ₦167,592,177,559.40 (One hundred and sixty seven billion, five hundred and ninety two million, one hundred and seventy seven thousand, five hundred and fifty nine naira, forty kobo) was the amount of payments for jobs/contracts not executed by thirty one (31) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Bulk Electricity Trading Plc., Abuja has the highest amount of ₦100,000,000,000.00 (One hundred billion naira) while the National Centre for Women Development, has the least amount of ₦2,171,766.44 (Two million, one hundred and seventy one thousand, seven hundred and sixty six naira, forty four) as shown in the Figure below.



ISSUE 4: UNDER DEDUCTION OF TAXES (=₦129,341,764.04)

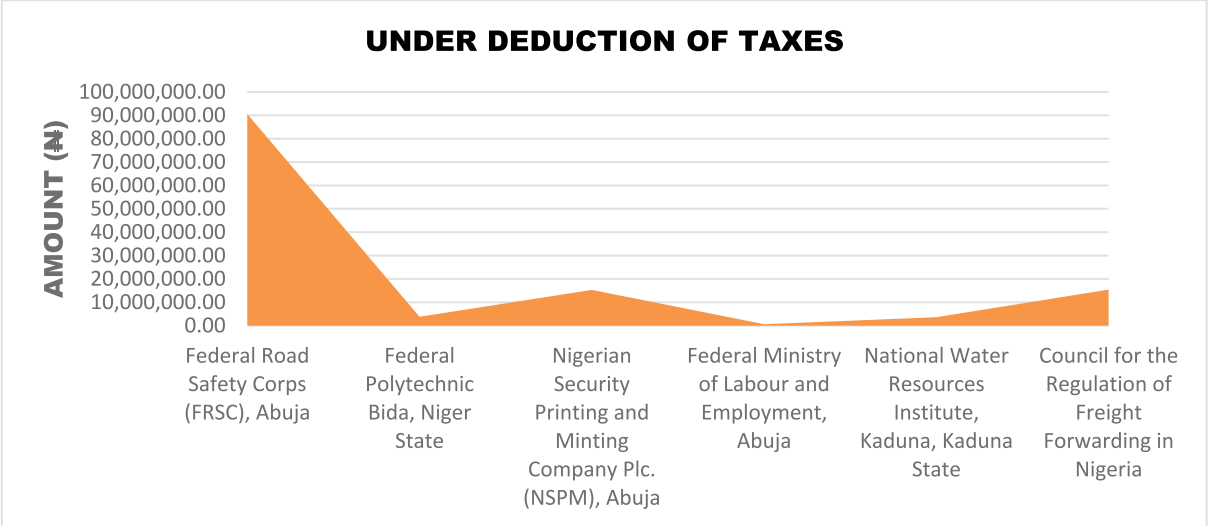
Description of Findings

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 the same time the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦129,341,764.04 (One hundred and twenty nine million, three hundred and forty one thousand, seven hundred and sixty four naira, four kobo) was the amount of under deduction of taxes by six (6) Ministries, Departments and Agencies (MDAs), and

ii. The Federal Road Safety Corps (FRSC), Abuja, has the highest amount of ₦90,579,554.92 (Ninety million, five hundred and seventy nine thousand, five hundred and fifty four naira, ninety kobo) while the Federal Ministry of Labour and Employment, Abuja, has the least amount of ₦623,162.80 (Six hundred and twenty three thousand, one hundred and sixty two naira, eighty kobo) as shown in the Figure below.



ISSUE5: NON-DEDUCTION OF TAXES (=₦2,636,147,740.99)

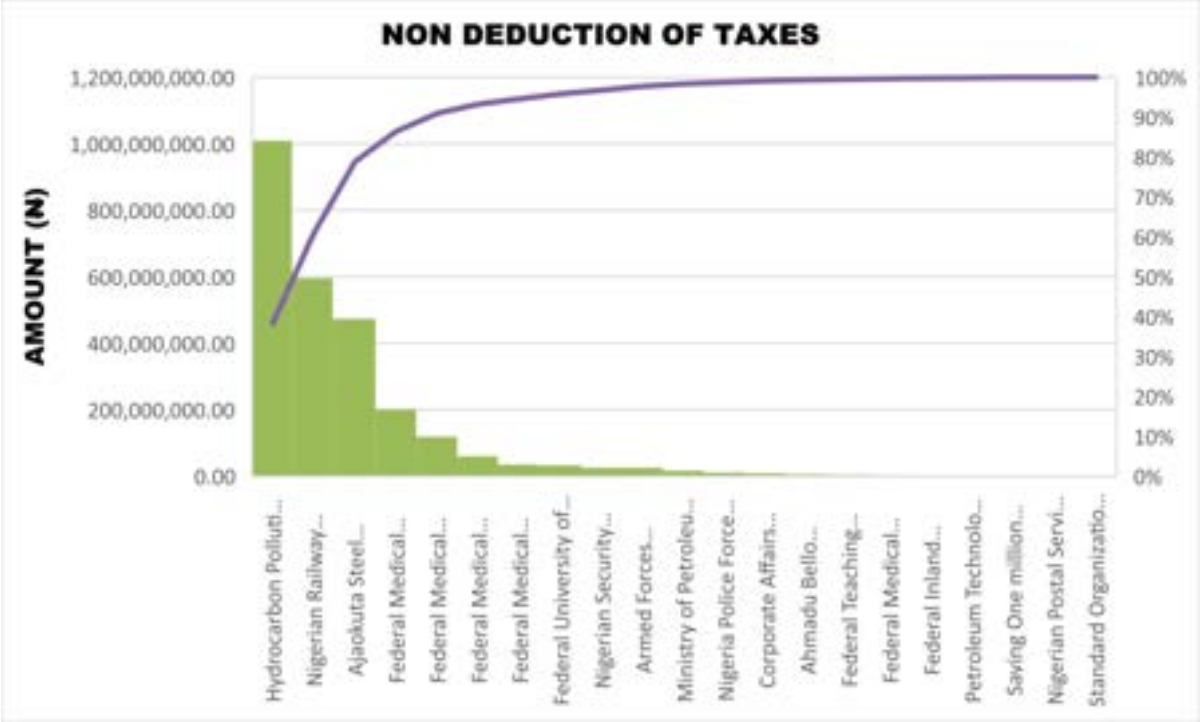
Description of Findings

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 the same time the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦2,636,147,740.99 (Two billion, six hundred and thirty six million, one hundred and forty seven thousand, seven hundred and forty naira, ninety nine kobo) was the amount of taxes not deducted from payments to several beneficiaries by twenty one (21) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja, has the highest amount of ₦1,009,286,718.93 (One billion, nine million, two hundred and eighty six thousand, seven hundred and eighteen naira, ninety three kobo) while the, Federal Medical Centre, Ebute Meta, has the least amount of ₦617,427.66 (Six hundred and seventeen thousand, four hundred and twenty seven naira, sixty six kobo) as shown in the Figure below.



ISSUE 6: NON-REMITTANCE OF TAXES (=₦11,561,131,193.52)

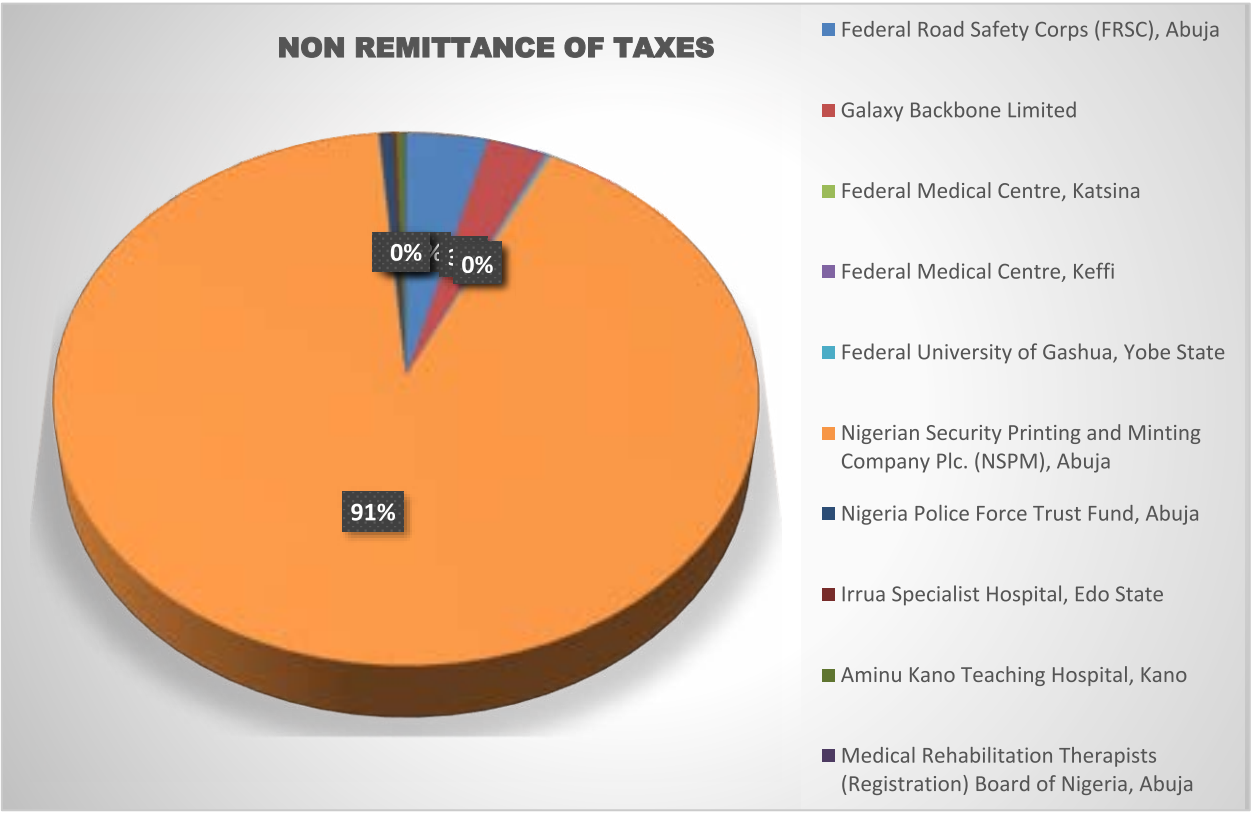
Description of Findings

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 the same time the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦11,561,131,193.52 (Eleven billion, five hundred and sixty one million, one hundred and thirty one thousand, one hundred and ninety three naira, fifty two kobo) was the amount of taxes not remitted to relevant tax authorities by eleven (11) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja, has the highest amount of ₦10,393,793,419.34 (Ten billion, three hundred and ninety three million, seven hundred and ninety three thousand, four hundred and nineteen naira, thirty four kobo) while the, Federal Medical Centre, Katsina, has the least amount of ₦1,371,984.59 (One million, three hundred and seventy one thousand, nine hundred and eighty four naira, fifty nine kobo) as shown in the Figure below.



ISSUE 7: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦8,312,218,229.35)

Description of Findings

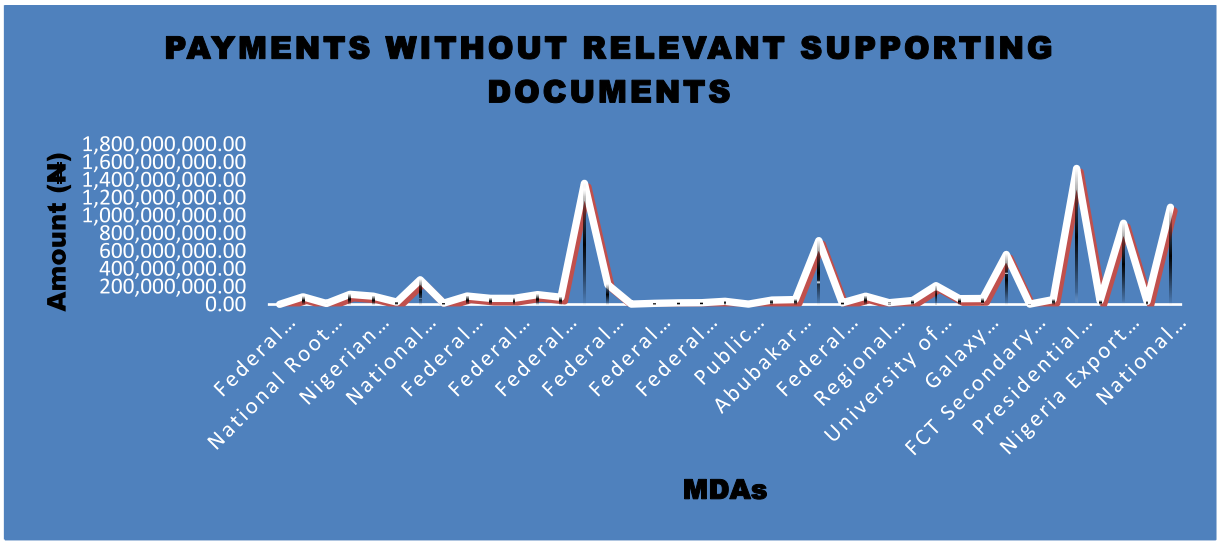
Paragraph 603(i) of the Financial Regulations (FR), 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant 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. The sum of ₦8,312,218,229.35 (Eight billion, three hundred and twelve million, two hundred and eighteen thousand, two hundred and twenty nine naira, thirty five kobo) was the amount of payments without relevant supporting documents by forty (40) Ministries, Departments and Agencies (MDAs), and

ii. The Presidential Amnesty Programme (PAP), Abuja, has the highest amount of ₦1,529,669,500.00 (One billion, five hundred and twenty nine million, six hundred and sixty nine thousand, five hundred naira) while the, Federal College of Land

Resources Technology, Owerri, has the least amount of ₦1,992,000.00 (One million, nine hundred and ninety two thousand naira) as shown in the Figure below.



ISSUE 8: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦18,016,115,019.46)

Description of Findings

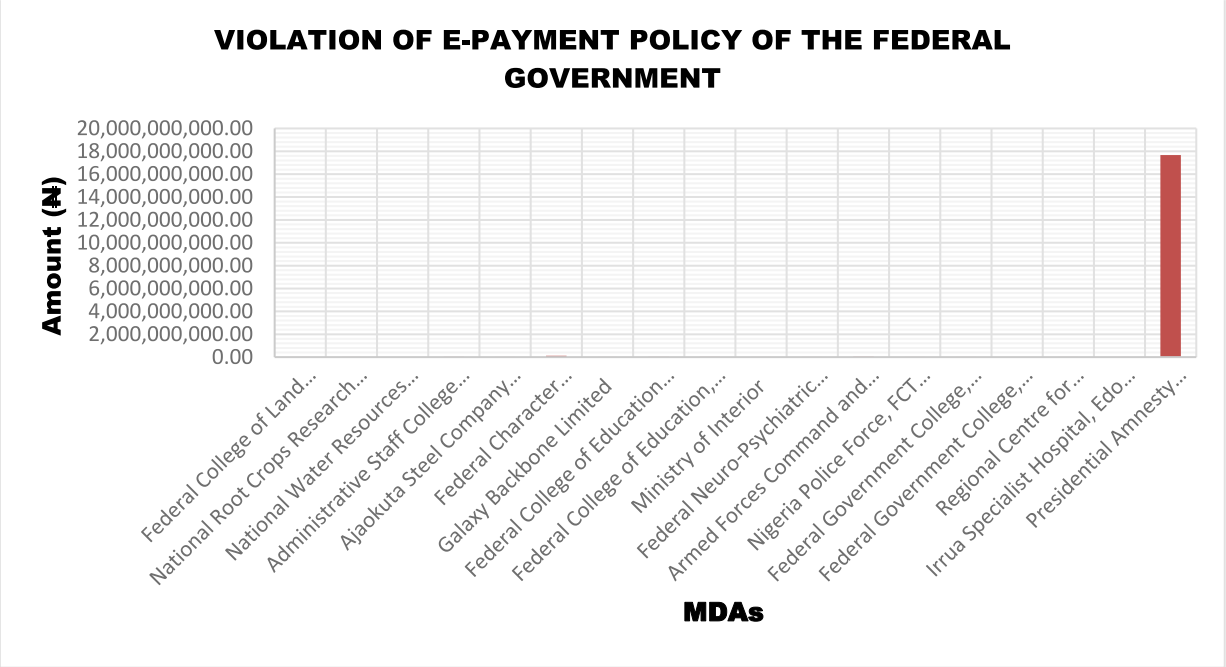
Paragraph 713 of the Financial Regulations (FR), 2009 states, "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent 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 ₦18,016,115,019.46 (Eighteen billion, sixteen million, one hundred and fifteen thousand, nineteen naira, forty six kobo) was the amount of payments in violation of e-policy of the federal government by nineteen (19) Ministries, Departments and Agencies (MDAs), and

ii. The Presidential Amnesty Programme, Abuja, has the highest amount of ₦17,676,802,100.00 (Seventeen billion, six hundred and seventy six million, eight hundred and two thousand, one hundred naira) while the Nigeria Police Force,

FCT Police Command, has the least amount of ₦500,000.00 (Five hundred thousand naira) as shown in the Figure below.



ISSUE 9: MISAPPLICATION OF FUNDS (=₦663,854,877.01)

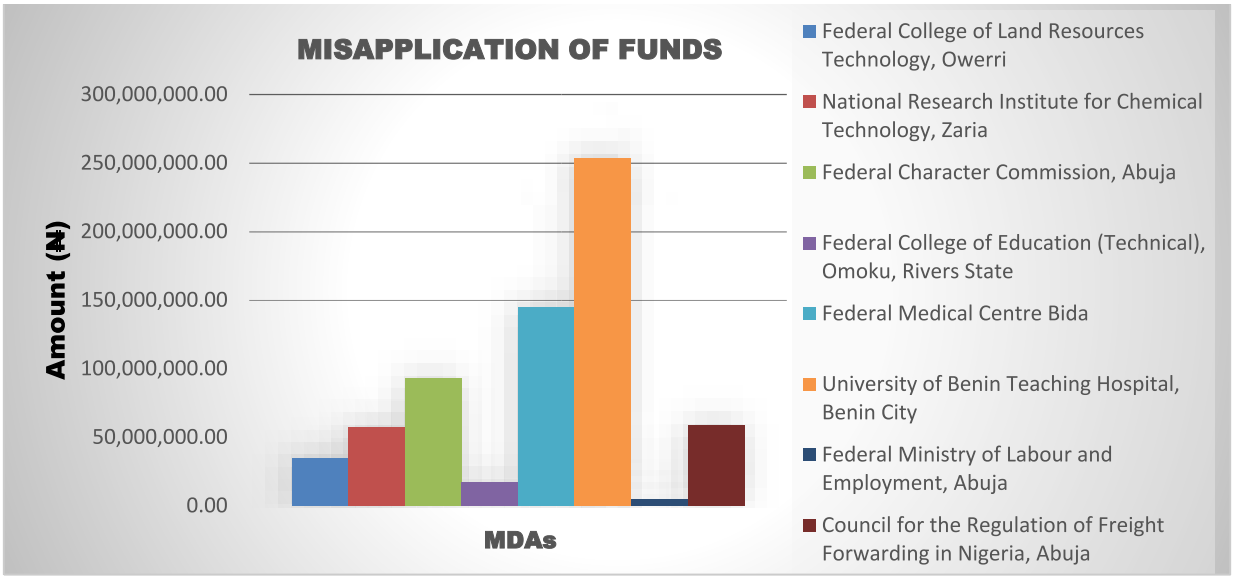
Description of Findings

Paragraph 313 of the Financial Regulations (2009) states, "The authority conveyed to Accountant-General and to Officers controlling votes, by recurrent warrant is limited to the amount provided under each subheading the approved estimates…" Similarly, paragraph 417 of Financial Regulation (FR), 2009 states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which money is provided. Expenditure incorrectly charged to a vote shall be disallowed.". Furthermore section 80(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, ''No money shall be withdrawn from the Consolidated Revenue Fund of the Federation except to meet expenditure that is charged upon the Fund by this Constitution or where the issue of those moneys has been authorized by an Appropriation Act, Supplementary Appropriation Act or an Act passed in pursuance of the National Assembly." 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 ₦663,854,877.01 (Six hundred and sixty three million, eight hundred and fifty four thousand, eight hundred and seventy seven naira, one kobo) was the amount of misapplication of funds by eight (8) Ministries, Departments and Agencies (MDAs), and

ii. The University of Benin Teaching Hospital, Benin City, has the highest amount of ₦253,532,050.49 (Two hundred and fifty three million, five hundred and thirty two thousand, fifty naira, forty nine kobo) while the Federal Ministry of Labour and Employment, Abuja, has the least amount of ₦4,467,950.00 (Four million, four hundred and sixty seven thousand, nine hundred and fifty naira) as shown in the Figure below.



ISSUE 10: VIOLATION OF DUE PROCESS IN AWARD OF CONTRACTS (=₦20,334,104,016.27)

Description of Findings

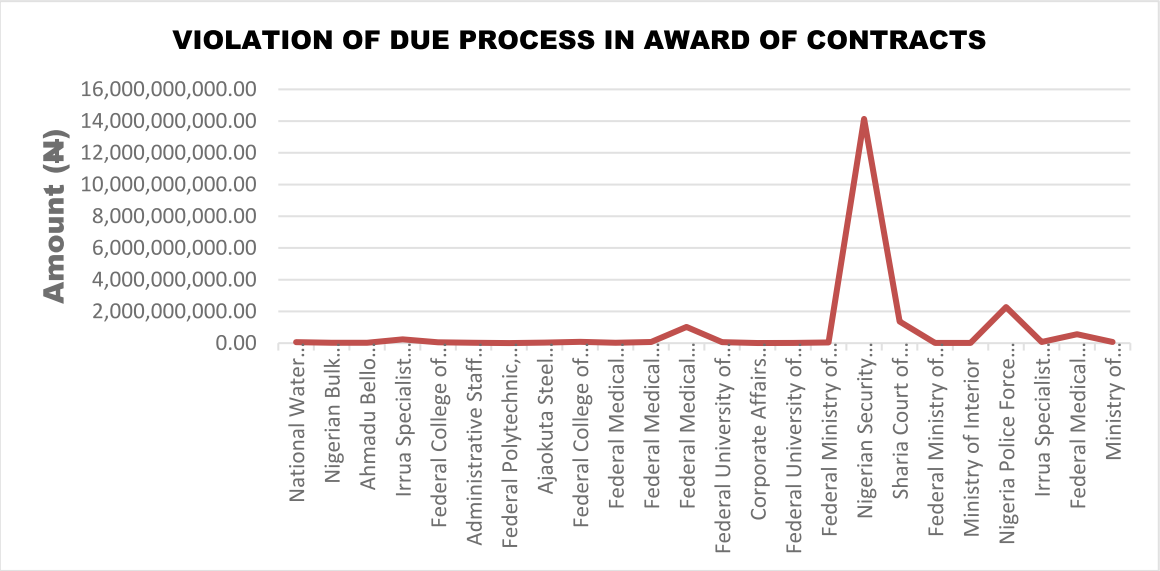
Section 16 (21) of the Public Procurement Act (PPA), 2007 states, "The accounting officer of a procuring entity and any officer to whom responsibility is delegated are responsible and accountable for any actions taken or omitted to be taken either in compliance with or in contravention of this Act." Also, section 19 (d) of (PPA) 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: obtain approval of the approving authority before making an award, also Federal Treasury Circular reference No. TRY/A2 & B2/2019/OAGF/CAD/026/V.III/358 dated 8th July, 2019 provide the mandatory documents required to facilitate payment of government contractors…"

Audit observed that:

i. The sum of ₦20,334,104,016.27 (Twenty billion, three hundred and thirty four million, one hundred and four thousand, sixteen naira, twenty seven kobo) was the amount of contracts awarded in violation of due process by twenty four (24) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja, has the highest amount of ₦14,136,472,333.16 (Fourteen billion, one hundred and thirty six million, four hundred and seventy two thousand, three hundred and thirty three

naira, sixteen kobo) while the Corporate Affairs Commission (CAC), has the least amount of ₦8,980,603.72 (Eight million, nine hundred and eighty thousand, six hundred and three naira, seventy two kobo) as shown in the Figure below.



ISSUE 11: EXPENDITURES NOT ACCOUNTED FOR (=₦122,511,178,188.20)

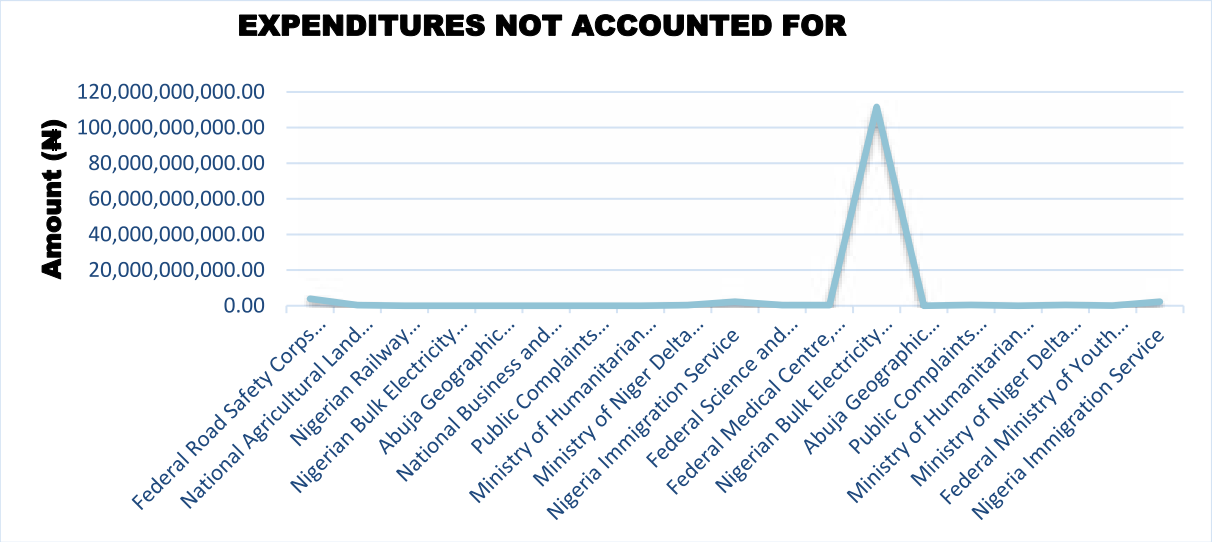
Description of Findings

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." Additional, 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 ₦122,511,178,188.20 (One hundred and twenty two billion, five hundred and eleven million, one hundred and seventy eight thousand, one hundred and eighty eight naira, twenty kobo) was the amount of expenditure not accounted for by nineteen (19) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Bulk Electricity Trading Plc., Abuja, has the highest amount of ₦111,601,369,196.22 (One hundred and eleven billion, six hundred and one million, three hundred and sixty nine thousand, one hundred and ninety six naira, twenty two kobo) while the Public Complaints Commission, Abuja, has the least amount of ₦1,200,000.00 (One million, two hundred thousand naira) as shown in the Figure below.



ISSUE 12: UNRECOVERED TAX LIABILITIES BY THE FEDERAL INLAND REVENUE SERVICE (=₦69,926,317,274.64)

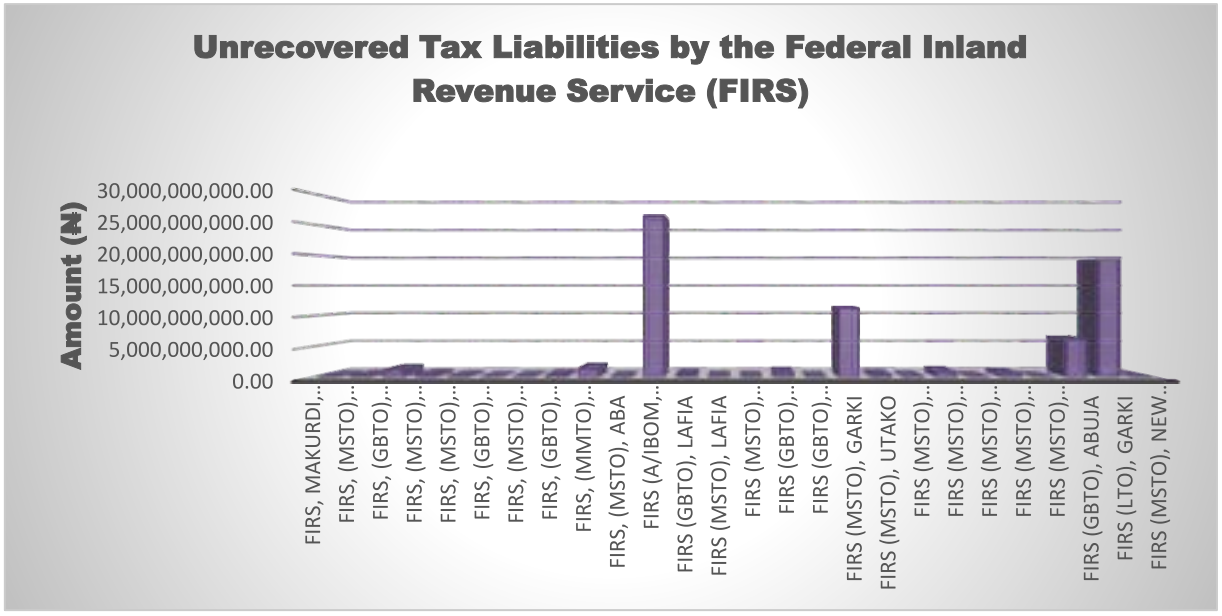
Description of Findings

Section 33(1) of Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained."

Audit observed that:

i. The sum of ₦69,926,317,274.64 (Sixty nine billion, nine hundred and twenty six million, three hundred and seventeen thousand, two hundred and seventy four naira, sixty four kobo) was the amount of unrecovered tax liabilities by twenty six (26) Outstations of the Federal Inland Revenue Service (FIRS) across the country, and

ii. The FIRS, Akwa Ibom, Cross Rivers and Bayelsa States offices have the combined highest amount of ₦26,324,196,289.63, (Twenty six billion, three hundred and twenty four million, one hundred and ninety six thousand, two hundred and eighty nine naira, sixty three kobo) while the FIRS (MSTO), Gwagwalada, Abuja, has the least amount of ₦4,180,362.94 (Four million, one hundred and eighty thousand, three hundred and sixty two naira, ninety four kobo) as shown in the Figure below.



ISSUE 13: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦968,908,037.58)

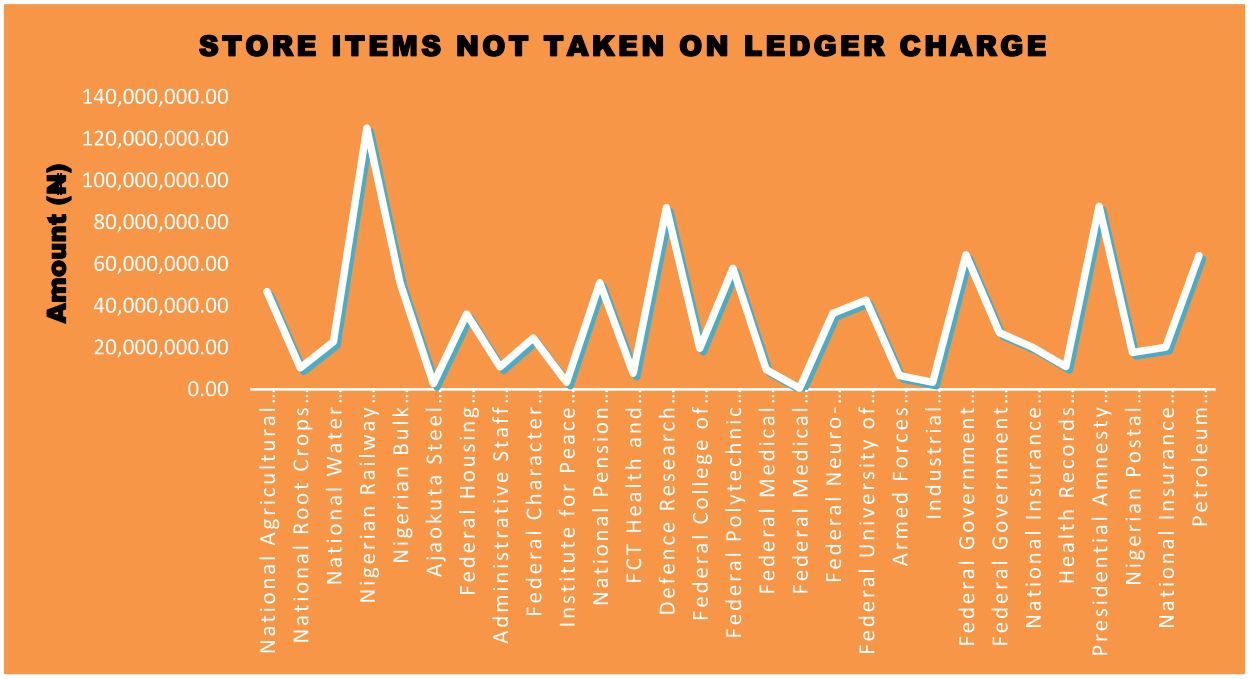
Description of Findings

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. The sum of ₦968,908,037.58 (Nine hundred and sixty eight million, nine hundred and eight thousand, thirty seven naira, fifty eight kobo) was the amount of store items not taken on ledger charge by twenty nine (29) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Railway Corporation (NRC), Lagos, has the highest amount of ₦125,164,787.55 (One hundred and twenty five million, one hundred and sixty four thousand, seven hundred and eighty seven naira, kobo) while the Federal Medical Centre, Makurdi, has the least amount of ₦561,809.80 (Five hundred and sixty one thousand, eight hundred and nine naira, eighty kobo) as shown in the Figure below.



ISSUE 14: EXTRA BUDGETARY EXPENDITURES (=₦15,786,850,083.75)

Description of Findings

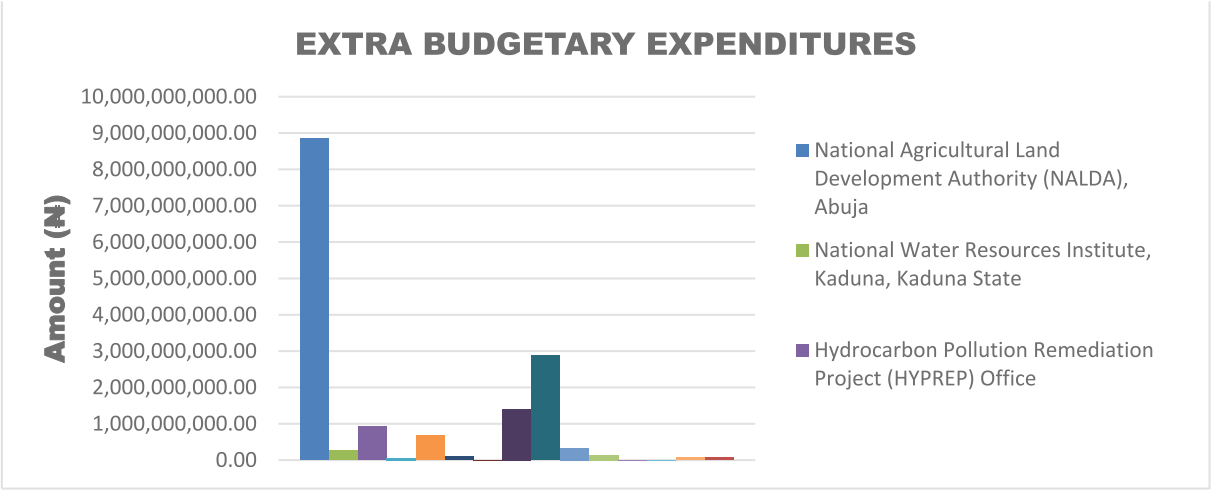
Paragraph 313 of Financial Regulations (FR), 2009 states, ‘‘The authority conveyed to the Accountant-General, and to officers controlling votes, by Recurrent Expenditure Warrants is limited to the amounts provided under each sub-head in the Approved Estimates and Supplementary Estimates. No expenditure 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 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 2906 (ii) of 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 sum of ₦15,786,850,083.75 (Fifteen billion, seven hundred and eighty six million, eight hundred and fifty thousand, eighty three naira, seventy five kobo) was the amount of extra budgetary expenditures by fifteen (15) Ministries, Departments and Agencies (MDAs), and

ii. The National Agricultural Land Development Authority (NALDA), Abuja, has the highest amount of ₦8,859,187,359.94 (Eight billion, eight hundred and fifty nine million, one hundred and eighty seven thousand, three hundred and fifty nine naira,

ninety four kobo) while the Nnamdi Azikiwe University Teaching Hospital, Nnewi, Anambra State, has the least amount of ₦3,724,153.67 (Three million, seven hundred and twenty four thousand, one hundred and fifty three naira, sixty seven kobo) as shown in the Figure below.



ISSUE 15: VIREMENT WITHOUT APPROVAL (=₦2,627,286,296.62)

Description of Findings

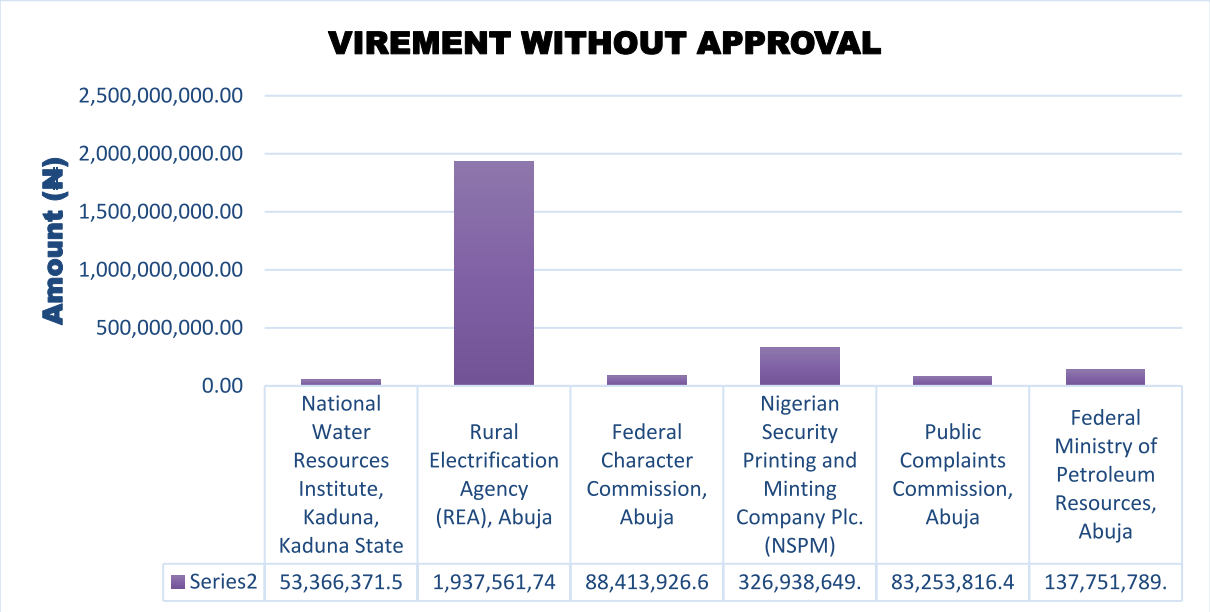
Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulations (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 the 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 ₦2,627,286,296.62 (Two billion, six hundred and twenty seven million, two hundred and eighty six thousand, two hundred and ninety six naira, sixty two kobo) was the amount of virement without approval by six (6) Ministries, Departments and Agencies (MDAs), and

ii. The Rural Electrification Agency (REA), Abuja, has the highest amount of ₦1,937,561,743.15 (One billion, nine hundred and thirty seven million, five

hundred and sixty one thousand, seven hundred and forty three naira, fifteen kobo) while the National Water Resources Institute, Kaduna, Kaduna State, has the least amount of ₦53,366,371.56 (Fifty three million, three hundred and sixty six thousand, three hundred and seventy one naira, fifty six kobo) as shown in the Figure below.



ISSUE 16: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦6,602,060,968.28)

Description of Findings

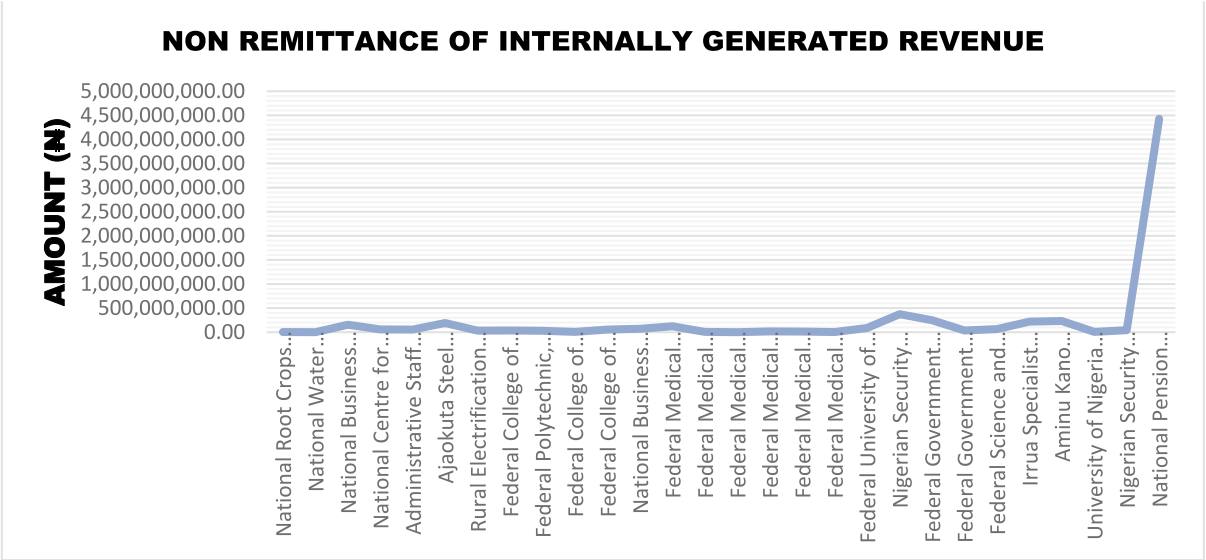
Paragraph 236 of the Financial Regulations (FR), 2009 states, "Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to the CRF before the 15th of the Month following the month of collection of the Revenue". Also, paragraph 3(b) of the Treasury Circular 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 ₦6,602,060,968.28 (Six billion, six hundred and two million, sixty thousand, nine hundred and sixty eight naira, twenty eight kobo) was the amount of internally generated revenue not remitted by twenty nine (29) Ministries, Departments and Agencies (MDAs), and

ii. The National Pension Commission, Abuja, has the highest amount of ₦4,429,550,386.58 (Four billion, four hundred and twenty nine million, five hundred

and fifty thousand, three hundred and eighty six naira, fifty eight kobo) while the National Water Resources Institute, Kaduna, Kaduna State, has the least amount of ₦459,250.00 (Four hundred and fifty nine thousand, two hundred and fifty naira) as shown in the Figure below.



ISSUE 17: CIRCUMVENTION OF PROCUREMENT PROCESS (=₦1,948,132,710.98)

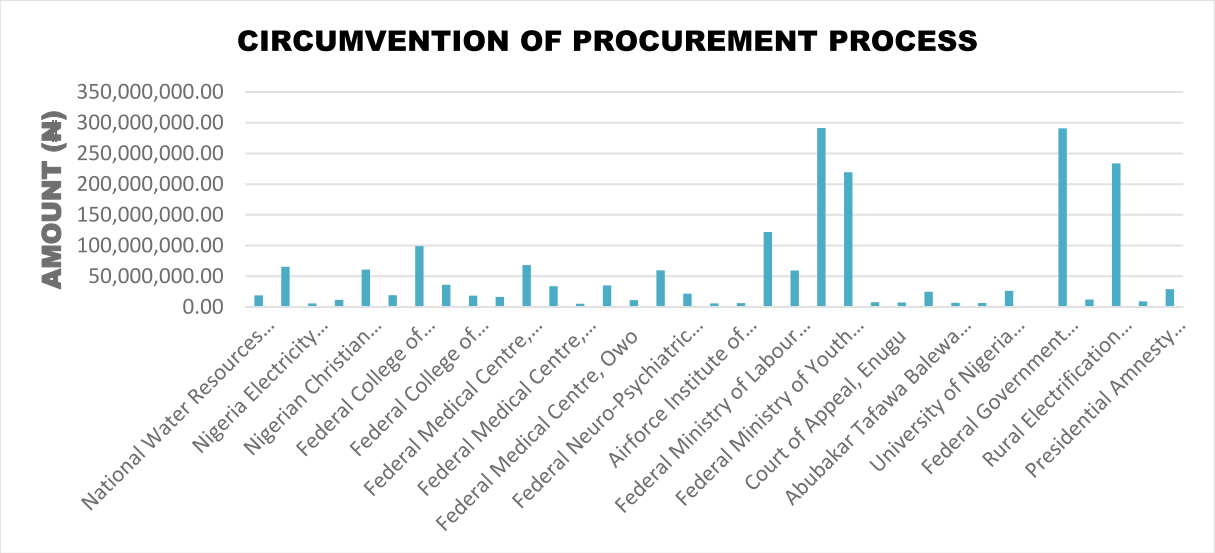
Description of Findings

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."

Audit observed that:

i. The sum of ₦1,948,132,710.98 (One billion, nine hundred and forty eight million, one hundred and thirty two thousand, seven hundred and ten naira, ninety eight kobo) was the amount of circumvention of procurement process by thirty five (35) Ministries, Departments and Agencies (MDAs), and

ii. The Ministry of Women Affairs and Social Development, has the highest amount of ₦291,409,300.00 (Two hundred and ninety one million, four hundred and nine thousand, three hundred naira) while the Public Complaints Commission, Abuja, has the least amount of ₦1,582,300.00 (One million, five hundred and eighty two thousand, three hundred naira) as shown in the Figure below.



ISSUE 18: DENIAL OF ACCESS TO DOCUMENTS (=₦21,480,891,930.77)

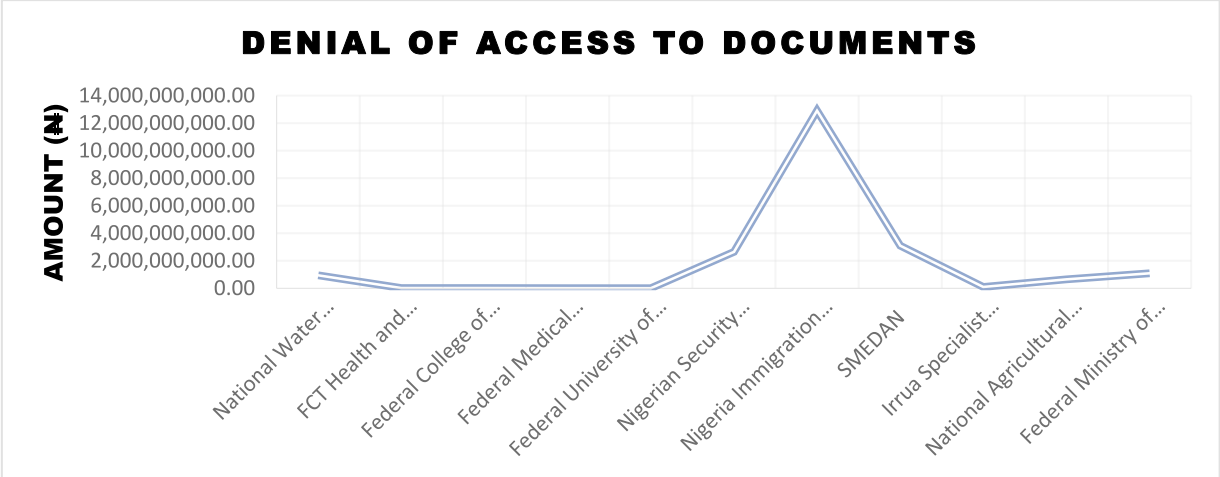
Description of Findings

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 ₦21,480,891,930.77 (Twenty one billion, four hundred and eighty million, eight hundred and ninety one thousand, nine hundred and thirty naira, seventy seven kobo) was the amount of expenditure related documents not made available for examination by eleven (11) Ministries, Departments and Agencies (MDAs), and

ii. The Nigeria Immigration Service has the highest amount of ₦12,910,490,256.00 (Twelve billion, nine hundred and ten million, four hundred and ninety thousand, two hundred and fifty six naira) while the Federal Medical Centre, Bida, has the least amount of ₦10,082,853.97 (Ten million, eighty two thousand, eight hundred and fifty three naira, ninety seven kobo) as shown in the Figure below.



ISSUE 19: UNRETIRED CASH ADVANCES (=₦1,300,643,209.41)

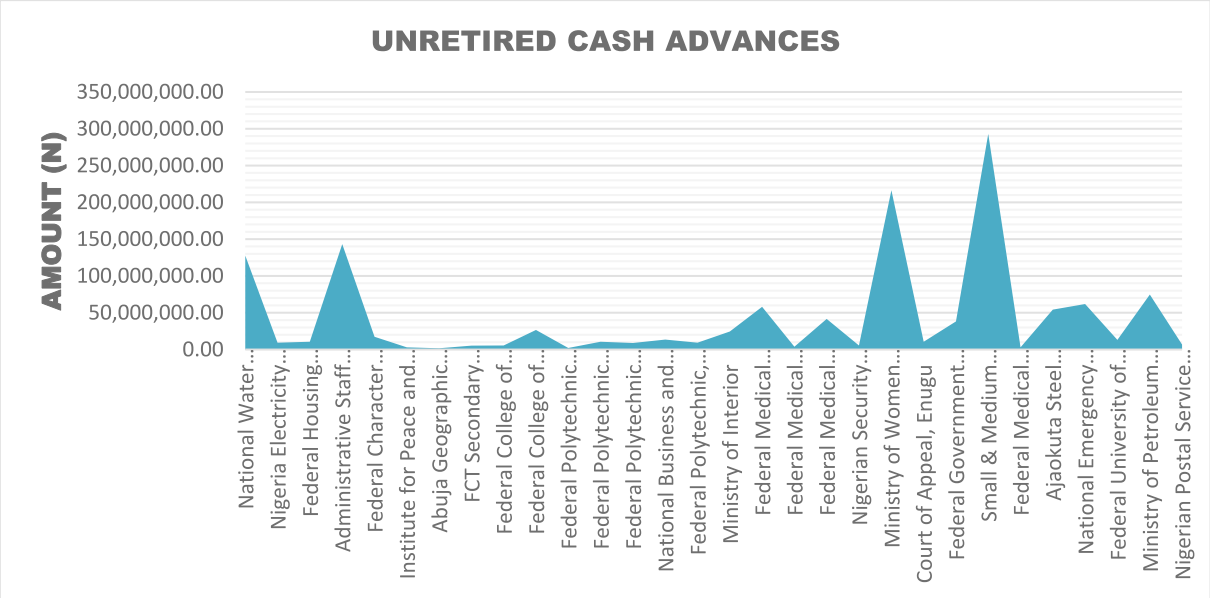
Description of Findings

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 ₦1,300,643,209.41 (One billion, three hundred million, six hundred and forty three thousand, two hundred and nine naira, forty one kobo) was the amount of cash advances not retired in thirty (30) Ministries, Departments and Agencies (MDAs), and

ii. The Small & Medium Enterp. Development Agency of Nigeria (SMEDAN) has the highest amount of ₦293,014,435.00 (Two hundred and ninety three million, fourteen thousand, four hundred and thirty five naira) while the Abuja Geographic Information System has the least amount of ₦1,811,111.66 (One million, eight hundred and eleven thousand, one hundred and eleven naira, sixty six kobo) as shown in the Figure below.



ISSUE 20: PAYMENT WITHOUT PAID VOUCHERS (=₦1,135,025,464.67)

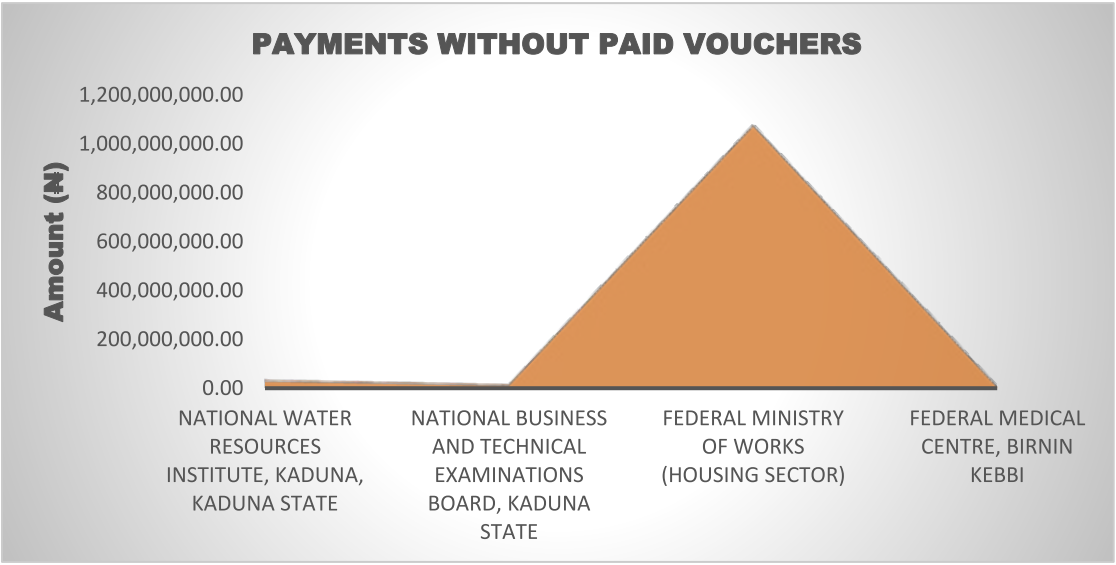
Description of Findings

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."

Audit observed that:

i. The sum of ₦1,135,025,464.67 (One billion, one hundred and thirty five million, twenty five thousand, four hundred and sixty four naira, sixty seven kobo) was the amount of payments without paid vouchers by four (4) Ministries, Departments and Agencies (MDAs), and

ii. The Federal Ministry of Works (Housing Sector) has the highest amount of ₦1,076,662,242.61 (One billion, seventy six million, six hundred and sixty two thousand, two hundred and forty two naira, sixty one kobo) while the Federal Medical Centre, Birnin Kebbi, has the least amount of ₦6,664,195.81 (Six million, six hundred and sixty four thousand, one hundred and ninety five naira, eighty one kobo) as shown in the Figure below.



ISSUE 21: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦4,659,305,901.18)

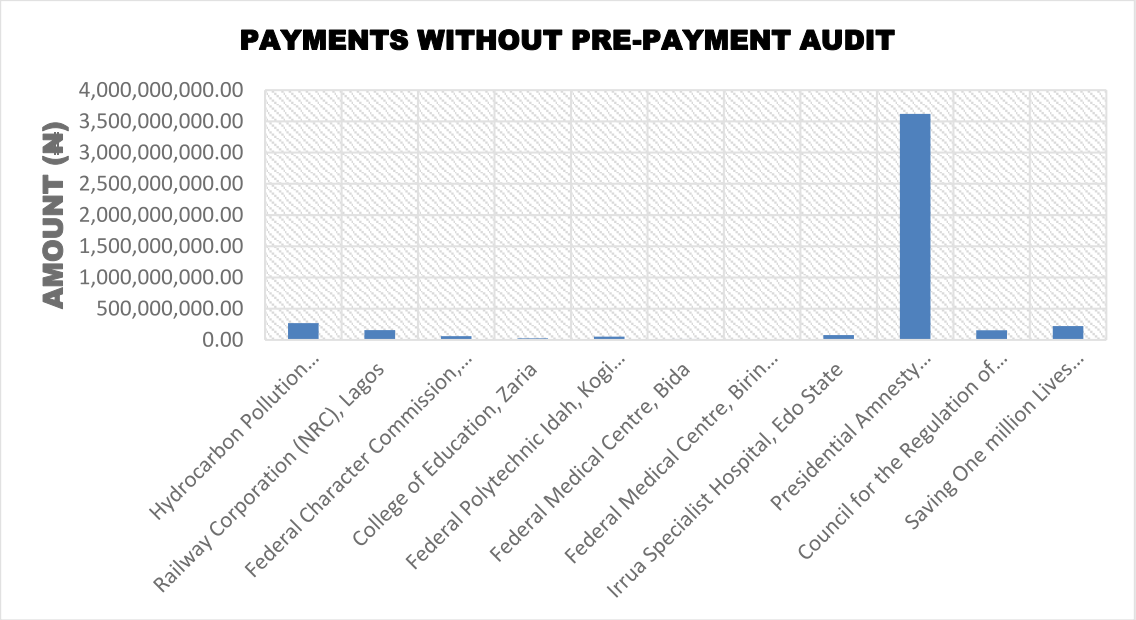
Description of Findings

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 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 ₦4,659,305,901.18 (Four billion, six hundred and fifty nine million, three hundred five thousand, nine hundred and one naira, eighteen kobo) was the amount of payments without pre-payment audit by eleven (11) Ministries, Departments and Agencies (MDAs), and

ii. The Presidential Amnesty Programme (PAP), Abuja has the highest amount of ₦3,619,398,766.50 (Three billion, six hundred and nineteen million, three hundred and ninety eight thousand, seven hundred and sixty six naira, fifty kobo) while the Federal Medical Centre, Birnin Kebbi, has the least amount of ₦3,260,050.00 (Three million, two hundred and sixty thousand, fifty naira) as shown in the Figure below.



ISSUE 22: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT ATTORNEY-GENERAL'S FIAT (=₦243,932,964.27)

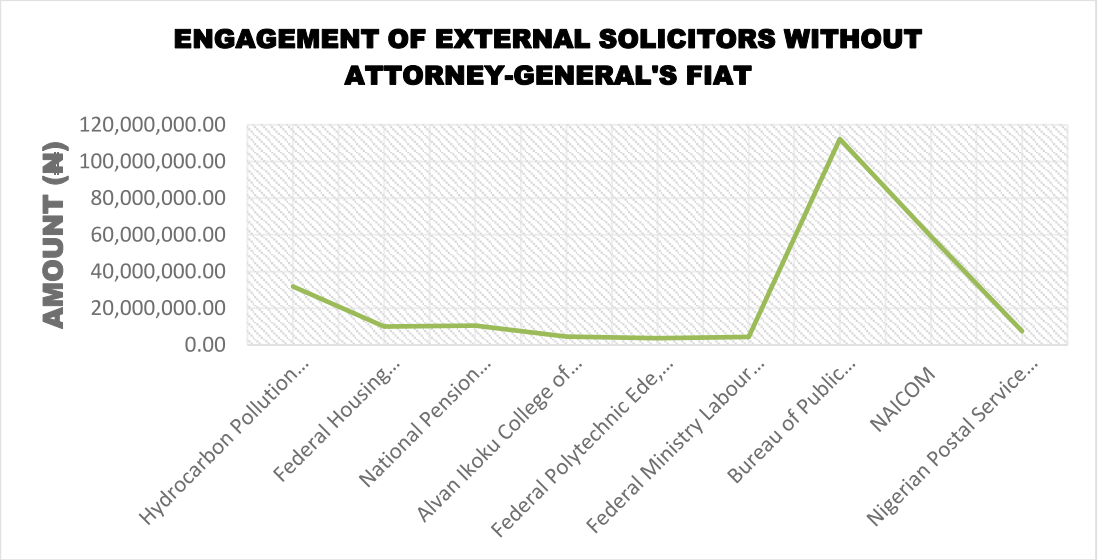
Description of Findings

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 ₦243,932,964.27 (Two hundred and forty three million, nine hundred and thirty two thousand, nine hundred and sixty four naira, twenty seven kobo) was the amount paid to external solicitors engaged without the Attorney-General's Fiat by nine (9) Ministries, Departments and Agencies (MDAs), and

ii. The Bureau of Public Procurement has the highest amount of ₦112,261,659.00 (One hundred and twelve million, two hundred and sixty one thousand, six hundred and fifty nine naira) while the Federal Polytechnic Ede, Osun State, has the least amount of ₦3,675,000.00 (Three million, six hundred and seventy five thousand, naira) as shown in the Figure below.



ISSUE 23: PAYMENTS TO THIRD PARTIES WITHOUT POWER OF ATTORNEY (=₦439,688,368.76)

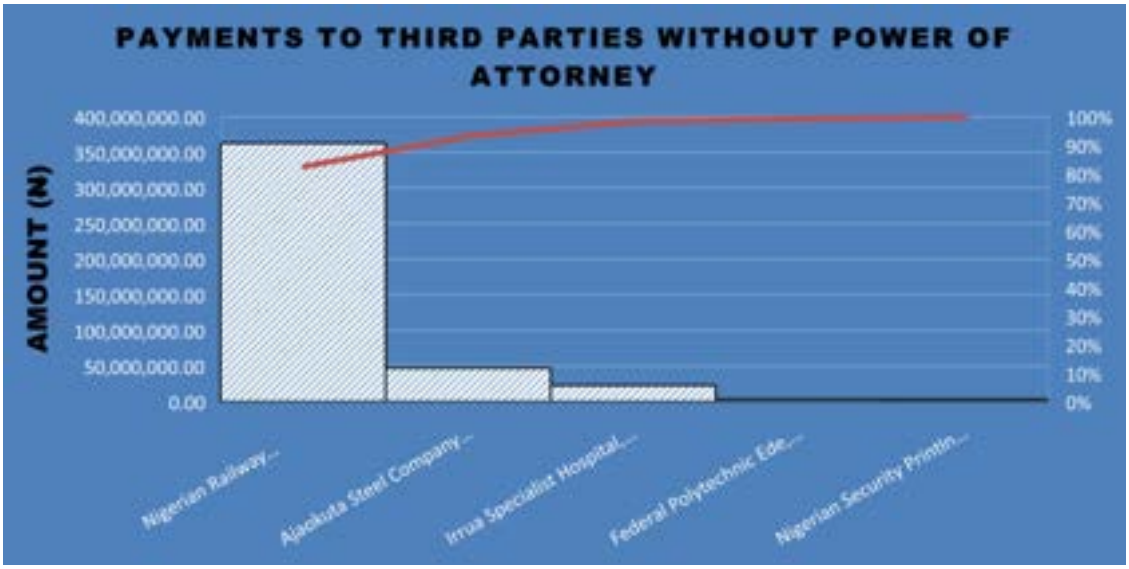
Description of Findings

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 ₦439,688,368.76 (Four hundred and thirty nine million, six hundred and eighty eight thousand, three hundred and sixty eight naira, seventy six kobo) was the amount of payments to third parties without Power of Attorney by five (5) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Railway Corporation (NRC), Lagos has the highest amount of ₦362,779,425.00 (Three hundred and sixty two million, seven hundred and seventy nine thousand, four hundred and twenty five naira) while the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja, has the least amount of ₦3,390,705.28 (Three million, three hundred and ninety thousand, seven hundred and five naira, twenty eight kobo) as shown in the Figure below.



ISSUE 24: AWARD OF CONTRACT ABOVE THRESHOLD (=₦2,407,710,913.92)

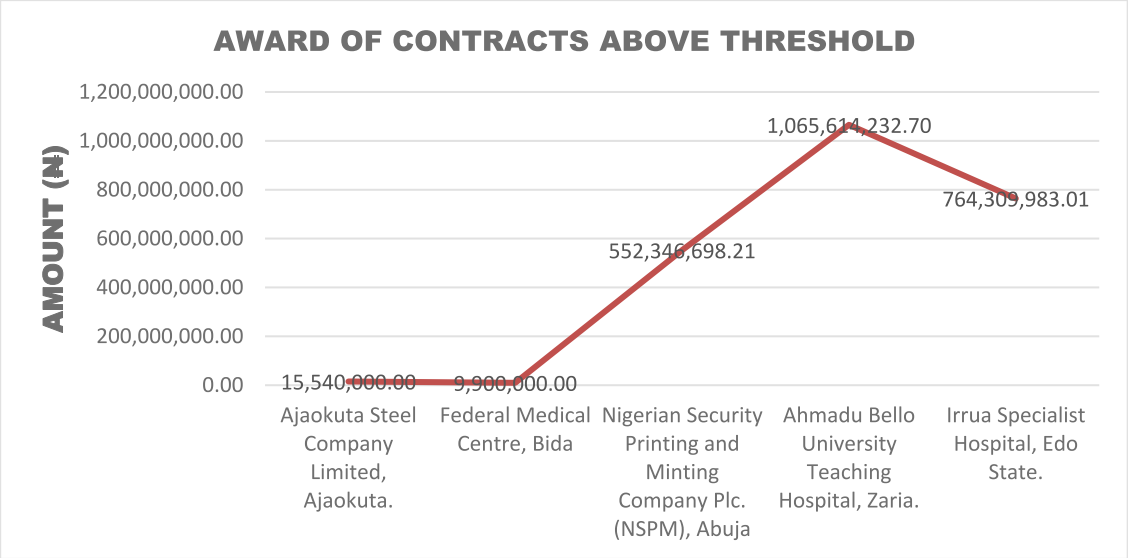
Description of Findings

Paragraph 2908 of the Financial Regulations (FR), 2009 states, "Where there are existing thresholds, no moneys shall be drawn from the Consolidated Revenue Fund or any government account in respect of procurements falling above the set thresholds. Such payment falling above threshold shall only be valid if a "Certificate of No Objection" is obtained from the Bureau."

Audit observed that:

i. The sum of ₦2,407,710,913.92 (Two billion, four hundred and seven million, seven hundred and ten thousand, nine hundred and thirteen naira, ninety two kobo) was the amount of contracts award above the threshold by five (5) Ministries, Departments and Agencies (MDAs), and

ii. The Ahmadu Bello University Teaching Hospital, Zaria has the highest amount of ₦1,065,614,232.70 (One billion, sixty five million, six hundred and fourteen thousand, two hundred and thirty two five naira, seventy kobo) while the Federal Medical Centre, Bida, has the least amount of ₦9,900,000.00 (Nine million, nine hundred thousand naira) as shown in the Figure below.



ISSUE 25: ILLEGAL CUSTODY OF GOVERNMENT VEHICLES (=₦747,749,365.06)

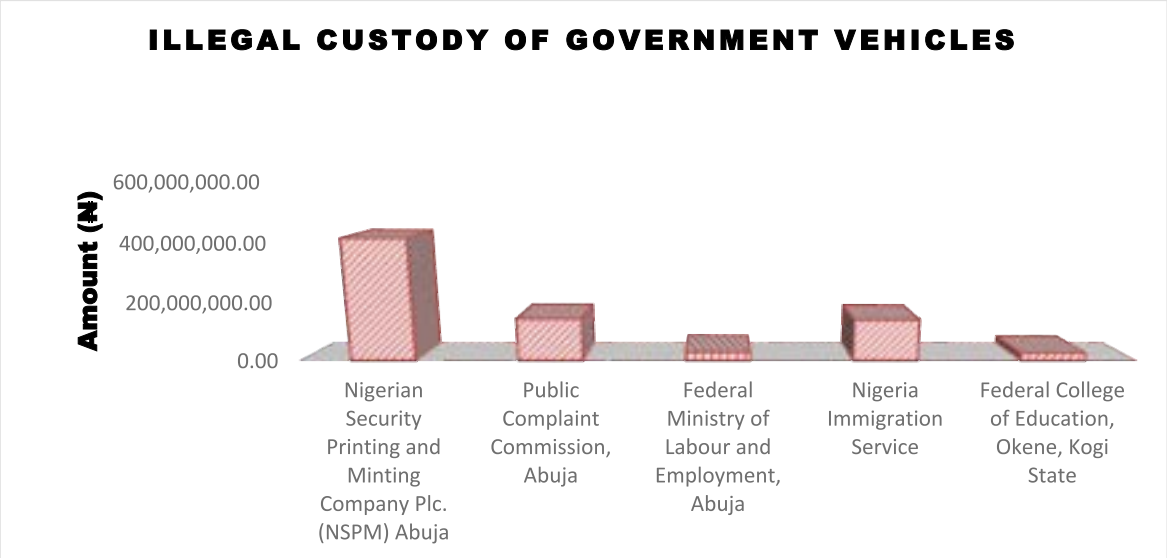
Description of Findings

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. The sum of ₦747,749,365.06 (Seven hundred and forty seven million, seven hundred and forty nine thousand, three hundred and sixty five naira, six kobo) was the amount of government vehicles held illegally by former staff/unauthorized persons in five (5) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Security Printing and Minting Company Plc. (NSPM) Abuja has the highest amount of ₦413,343,623.00 (Four hundred and thirteen million, three hundred and forty three thousand, six hundred and twenty three naira) while the Federal College of Education, Okene, Kogi State, has the least amount of ₦24,507,000.00 (Twenty four million, five hundred and seven thousand naira) as shown in the Figure below.



ISSUE 26: PAYMENTS WITHOUT RE-VALIDATION OF PAID VOUCHERS (=₦403,203,807.78)

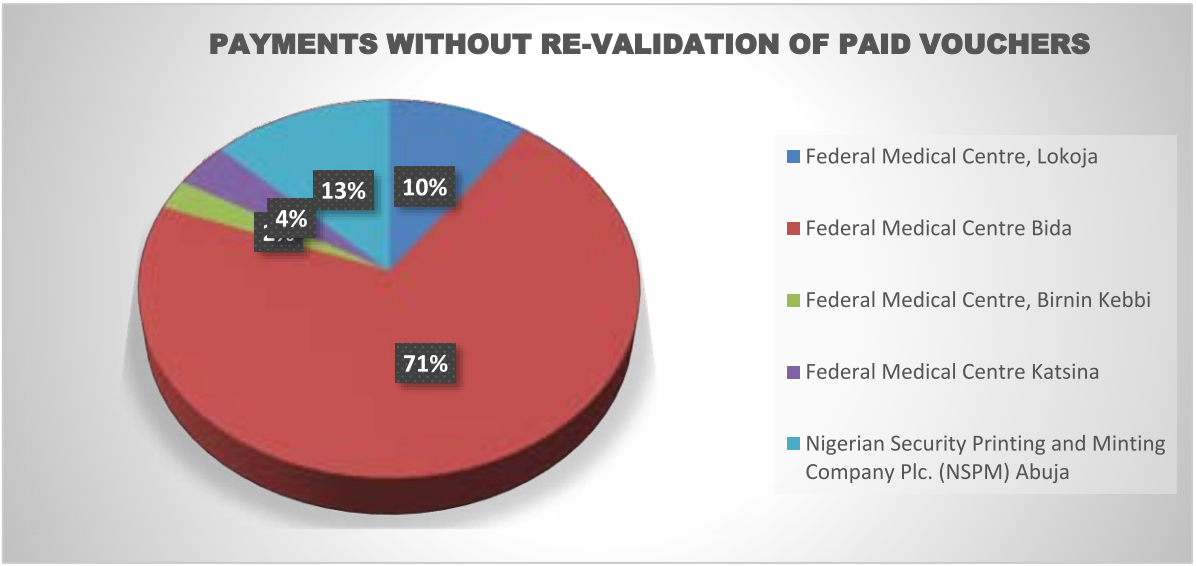
Description of Findings

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." Also, 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 ₦403,203,807.78 (Four hundred and three million, two hundred and three thousand, eight hundred and seven naira, seventy eight kobo) was the amount paid through prior years vouchers without re-validations by five (5) Ministries, Departments and Agencies (MDAs), and

ii. The Federal Medical Centre Bida has the highest amount of ₦285,343,470.99 (Two hundred and eighty five million, three hundred and forty three thousand, four hundred and seventy naira, ninety nine kobo) while the Federal Medical Centre, Birnin Kebbi, has the least amount of ₦10,242,175.77 (Ten million, two hundred and forty two thousand, one hundred and seventy five naira, seventy seven kobo) as shown in the Figure below.



ISSUE 27: SPLITTING OF CONTRACTS TO CIRCURMVENT PROCUREMENT/APPROVAL THRESHOLD (=₦731,213,259.29)

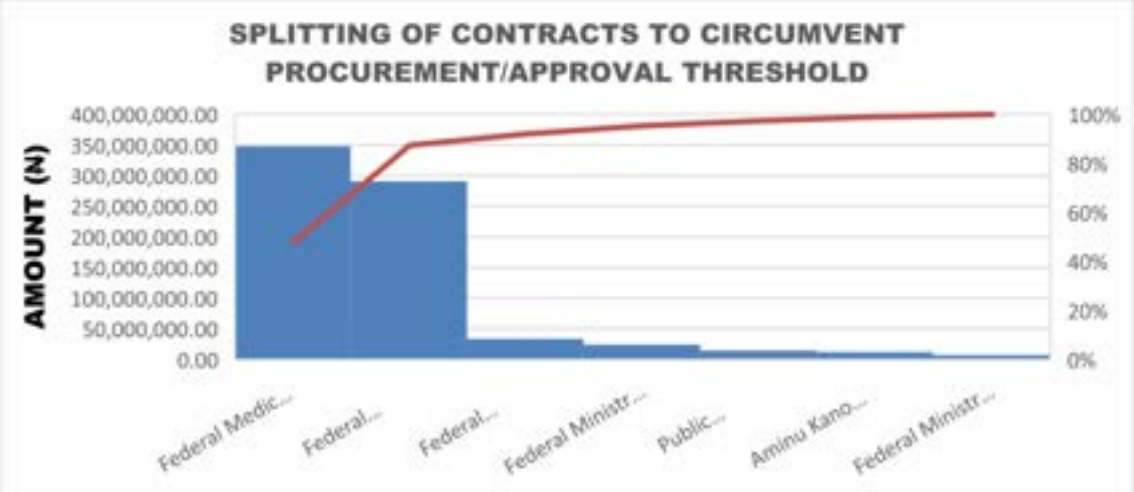
Description of Findings

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, organization 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 sum of ₦731,213,259.29 (Seven hundred and thirty one million, two hundred and thirteen thousand, two hundred and fifty nine naira, twenty nine kobo) was the amount of contract splitting to circumvent approval threshold by eight (8) Ministries, Departments and Agencies (MDAs), and

ii. The Federal Government College, Kwali has the highest amount of ₦290,806,320.00 (Two hundred and ninety million, eight hundred and six thousand, three hundred and twenty naira) while the Public Complaints Commission, Abuja, has the least amount of ₦1,582,300.00 (One million, five hundred and eighty two thousand, three hundred naira) as shown in the Figure below.



ISSUE 28: FAILURE TO RECOVER OUTSTANDING REVENUES/DEBTS (=₦2,902,212,744,782.44)

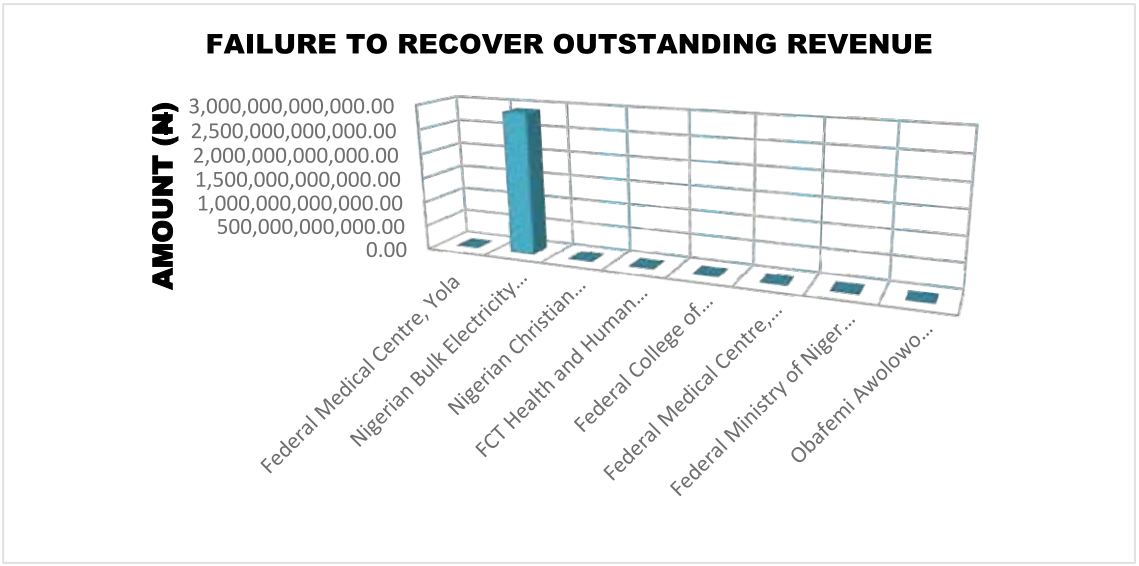
Description of Findings

Paragraphs 224(ii) of the Financial Regulations (FR), 2009 states, "All services rendered by government must be paid for immediately on completion of the service. Where possible, payment may be made in advance." Furthermore, paragraph 224(iii) of the FR, 2009 states, "Where payment is outstanding a system of following-up by means of reminders and final demand through courier service shall be made. Printed pro-form as should be used for this purpose, and definite instructions will be laid down by Accounting Officers in Ministries, Extra-Ministerial Offices and ether Arms of Government for the reporting of outstanding arrears at an early date to a designated officer for a decision as to the action necessary to enforce payment, e.g. legal action."

Audit observed that:

i. The sum of ₦2,902,212,744,782.44 (Two trillion, nine hundred and two billion, two hundred and twelve million, seven hundred and forty four thousand, seven hundred and eighty two naira, forty four kobo) was the amount of outstanding revenue not collected by eight (8) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Bulk Electricity Trading Plc., Abuja has the highest amount of ₦2,896,304,647,500.30 (Two billion, eight hundred and ninety six million, three hundred and four thousand, six hundred and forty seven thousand, five hundred naira, thirty kobo) while the Federal College of Education, Okene, has the least amount of ₦1,526,672.00 (One million, five hundred and twenty six thousand, six hundred seventy two naira) as shown in the Figure below.


FAILURE TO RECOVER OUTSTANDING REVENUE
AMOUNT (₦)
3,000,000,000,000.00
2,500,000,000,000.00
2,000,000,000,000.00
1,500,000,000,000.00
1,000,000,000,000.00
500,000,000,000.00
0.00
Federal Medical Centre, Yola
Nigerian Bulk Electricity...
Nigerian Christian...
FCT Health and Human...
Federal College of...
Federal Medical Centre,...
Federal Ministry of Niger...
Obafemi Awolowo...

SECTION 1
EMERGING ISSUES
AUDIT DEPARTMENT

FEDERAL COLLEGE OF LAND RESOURCES TECHNOLOGY, OWERRI

At the Federal College of Land Resources Technology, Owerri, Imo State, the following observations were made for the period January to December, 2021:

ISSUE 1: PAID VOUCHERS WITHOUT ATTACHING RELEVANT SUPPORTING DOCUMENTS (=₦1,992,000.00)

Description of Findings

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. Three (3) payments amounting to ₦1,992,000.00 (One million, nine hundred and ninety two thousand naira) were made for services carried out in the College, and
ii. 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 weakness in the internal control system at the Federal College of Land Resources Technology, Owerri, Imo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account for the sum of ₦1,992,000.00 (One million, nine hundred and ninety two thousand naira) paid without attaching relevant supporting documents, to the Public Accounts Committees of the National Assembly.
ii. Recover and remit the sum of ₦1,992,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦13,410,000.00)

Description of Findings

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. Twenty six (26) payments amounting to ₦13,410,000.00 (Thirteen million, four hundred and ten thousand naira) were made to some officers of the College, and
ii. The payments in (i) above were made to some officers other than the beneficiaries that were named on the paid vouchers, in violation of extant regulations.

The above anomalies could be attributed to weakness in the internal control system at the Federal College of Land Resources Technology, Owerri, Imo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,410,000.00 (Thirteen million, four hundred and ten thousand naira) paid to persons other than the ultimate beneficiaries.
ii. Recover and remit the sum of ₦13,410,000.00 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 3: MISAPPLICATION OF FUNDS (=₦34,991,823.00)

Description of Findings

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 ₦34,991,823.00 (Thirty four million, nine hundred and ninety one thousand, eight hundred and twenty three naira) was expended from capital expenditure on projects/programmes not appropriated for in 2021 capital expenditure, and
ii. The College's Management spent the money without seeking necessary approval through supplementary appropriation.

The above anomalies could be attributed to weakness in the internal control system at the Federal College of Land Resources Technology, Owerri, Imo State.

Risks

i. Diversion of public funds.
ii. Misapplication of funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦34,991,823.00 (Thirty four million, nine hundred and ninety one thousand, eight hundred and twenty three naira) being unapproved virement.
ii. Refund and remit to the Treasury, the sum of ₦34,991,823.00.
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 4: IRREGULARITIES IN AWARD OF CONTRACT (=₦22,491,125.00)

Description of Findings

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." Also, paragraph 708 of FR, 2009 states, "On no account should payment be made for service not yet performed or for goods not yet supplied."

Audit observed that:

i. The College's Tenders Board awarded a contract to a contractor on the 7th June, 2021, for the procurement of information and communication technology equipment at a contract sum of ₦30,000,000.00.
ii. Payment for the procurement was made to the contractor on the 29th August, 2021, through payment voucher number FECOLART/OW/ACCT/CAP/074/2021.
iii. The amount stated in the Bills of Quantities (BOQs) was ₦29,680,750.00, which was less than the amount approved by the Tenders Board of the College and reflected in the award letter, difference being ₦319,250.00 (Three hundred and nineteen thousand, two hundred and fifty naira).
iv. During the physical inspection of the items, twenty-five (25) Nos. laptops were missing from the ICT centre in amounts totalling ₦5,240,625.00 (VAT inclusive).
v. The sum of ₦16,931,250.00 (VAT inclusive) was paid to the contractor for services not rendered or job not done such as tiling of ICT centre and servicing of existing laptops, and
vi. The totality of the amount of the irregularities in the award of contracts, arising from (iii) to (v) above amounted to ₦22,491,125.00 (Twenty two million, four hundred and ninety one thousand, one hundred and twenty five naira).

The above anomalies could be attributed to weakness in the internal control system at the Federal College of Land Resources Technology, Owerri, Imo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum ₦22,491,125.00 (Twenty two million, four hundred and ninety one thousand, one hundred and twenty five naira) paid for contract that was irregularly awarded.
ii. Recover and remit to the Treasury, the sum of ₦22,491,125.00.
iii. Forward 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.

ISSUE 5 PAYMENT TO CONTRACTORS WITHOUT EVIDENCE OF UTILISATION (=₦27,552,700.00)

Description of Findings

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, 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 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. Provisional sum of ₦21,150,000.00 (Twenty one million, one hundred and fifty thousand naira), contingencies of ₦4,000,000.00 (Four million naira) and administrative costs of ₦2,402,700.00 (Two million, four hundred and two thousand, seven hundred naira) totaling ₦27,552,700.00 (Twenty seven million, five hundred and fifty two thousand, seven hundred naira) were embedded in the Bills of Quantities (BOQs) of some contracts awarded by the College, and
ii. The utilization of these sums during the execution of the various contracts, could however not be established as at the time of the audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Land Resources Technology, Owerri, Imo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valued until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦27,552,700.00 (Twenty seven million, five hundred and fifty two thousand, seven hundred naira) paid without evidence of utilization.
ii. Recover and remit the sum of ₦27,552,700.00 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 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 6 AWARD OF CONTRACT WITHOUT BILLS OF QUANTITIES (BOQs) (=₦117,307,286.60)

Description of Findings

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. Three (3) contracts amounting to ₦117,307,286.60 (One hundred and seventeen million, three hundred and seven thousand, two hundred and eighty six naira, sixty kobo) were awarded without Bills of Quantities, and
ii. The amount in (i) above had been paid to the contractors as at the time of the audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Land Resources Technology, Owerri, Imo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦117,307,286.60 (One hundred and seventeen million, three hundred and seven thousand, two hundred and eighty six naira, sixty kobo), being award of contract without BOQ.
ii. Refund and remit the sum of ₦117,307,286.60 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.

FEDERAL ROAD SAFETY CORPS (FRSC), ABUJA

At the Federal Road Safety Corps (FRSC), Abuja, the following observations were made for the period January to December, 2020:

ISSUE 1: NON-INVOLVEMENT OF FRSC STAFF IN THE MANAGEMENT OF THE NDLS DATA BASE

Description of Findings

Clause 2.1.7 of the contract agreement between the Federal Road Safety Corps (FRSC) and Messrs. SW Global (SWG) on the National Drivers' Licence Identity Management and Card Production System (NDLS) states, "FRSC shall carry out the demographic and biometric capture of applicants for Drivers' Licence." In addition, Clause 2.2.6 states, "SWG shall provide technical and management training to FRSC staff on the use of the systems and solutions for the NDLS project."

Audit observed that:

i. Requests to run SQL scripts on the NDLS Data Base made available to the CITO, that will enable the team to assess the integrity of the NDLS Data Base was not satisfied as the staff of the FRSC on the project have no access to the NDLS Data Base.
ii. The Roles and Responsibilities definition in pages 4 and 5 of the FRSC Information/Communication Technology Policy does not include that of a Data Base Administrator (DBA), implying that FRSC has no DBA to manage the huge data being generated from the applicants for the Drivers' Licence, and
iii. These data are being managed by the staff of the consultant, which is a third party to NDLS project.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Road Safety Corps (FRSC).

Risks

i. The knowledge may not be transferred to the staff of FRSC.
ii. Loss of privacy and confidentiality of sensitive applicants' data.
iii. Higher cost to the FRSC.

Management's Response

i. As stipulated by Clause 2.1.8 of the new contractual agreement, FRSC staff currently carry out all the demographic and Biometric capture of applicants at the various DLC where they are assigned the roles of Operators and supervisors as log in credentials on the NDL portal,
ii. FRSC DBA Staff under the System Admin Unit at the Print farm Kado has considerable access to some tables on both Demographic and Biometric database where they can run limited query, view records and spool reports from the database,
iii. As stipulated in clause 13.8 of the new contract ''all data obtained under or in pursuance of this Agreement, belongs solely to FRSC and FRSC has exclusive right to use, share or transfer to a third party through electronic application provided such

use or transmission of data by the FRSC does not circumvent any of SWG's contractual rights,

iv. SWG have commenced the training and capacity building of the FRSC staff as part of the deliverables of the contract on the NDL project with the following completed:

- ✧ Store Inventory Management Solution (SIMS),
- ✧ Personalization System Maintenance – Card Production Tech for Print Administrators, while Business Intelligence, Leadership and professional Development, Identity management, Hardware Tech-Biometric equipment handling and basic maintenance, Database Administrators, Datacenter Management and SWG Proprietary Software Trainings have all been scheduled to take place twice a year from 2022 as stipulated in the new contract.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Corps Marshal should be requested to:

i. Ensure the immediate hand-over of the Data Base to staff of the Corps, with the staff of Messrs. SW Global only providing the required technical support.
ii. Enforce the provisions of Sections 13.3 and 13.5.1 of the contract agreement.
iii. Forward evidence of compliance 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: ABSENCE OF THIRD PARTY DATA PROCESSING CONTRACT BETWEEN THE FRSC AND MESSRS. SW GLOBAL

Description of Findings

Section 2.6 of the Nigeria Data Protection Regulation (NDPR), 2019 states, "…Anyone involved in data processing or the control of data shall develop security measures to protect data; such measures include but not limited to protecting systems from hackers, setting up firewalls, storing data securely with access to specific authorized individuals, employing data encryption technologies, developing organizational policy for handling personal data (and other sensitive or confidential data)." Furthermore, Part Two, Sections 2.1 to 2.10 of the NDPR require the development of a Data Privacy Policy (as in Section 2.5) and the Third Party Data Processing Contracts between the FRSC and ALL its third parties (Section 2.7).

Audit observed that:

i. There was no Third Party Data Processing Contract between the FRSC and Messrs. SW Global on the NLDS project despite the quantum of Personally Identifiable Information (PII) being generated from the applicants of the Drivers' License and being managed by them, and
ii. There was no justification provided for (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Road Safety Corps (FRSC).

Risks

i. Loss of confidentiality of the Personally Identifiable Information.
ii. The Corp's Management may suffer the penalty spelt out in Section 2.10 (PENALTY FOR DEFAULT) of the NDPR.

Management's Response

i. The Corps has developed and gazetted a Data Protection Policy within the FRSC Information/Communication Technology Policy,
ii. Clause 13.1.1 of the Contract agreement restricts SWG from using data from the database without the consent of FRSC, however, the Corps Legal Adviser may be directed to draft a copy of the third party agreement between FRSC and SWG including other third parties on information usage.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Corps Marshal should be requested to:

i. Provide evidence of adherence to the requirements of the NDPR with particular attention to Part Two, Sections 2.1 to 2.10, including the development of a Data Privacy Policy for the FRSC (as in Section *2.5*) and the Third Party Data Processing Contracts between the FRSC and ALL its third parties (Section *2.7*), to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations (FR), 2009 should apply.

ISSUE 3: NON-ACCOUNTING FOR INVESTMENTS ON THE ASSETS OF THE CORPS

Description of Findings

Section 2.1a. of the FRSC Information/Communication Technology Policy on IT Asset Management states "The CIT Office shall record and maintain an inventory of the Corps' IT Assets to include but not limited to the name of the asset, asset owner, location and categorization and which shall be updated on a regular basis."

Audit observed that:

i. The Corps' IT Assets Register made available for examination did not have most of the vital information required for full accountability and decision making.
ii. The Date of Acquisition and the Cost of Acquisition of the assets were not stated in the registers, and
iii. It was difficult to ascertain the Corps' investment on these assets, especially at the Print Farm where substantial investment was made to acquire both hardware and software assets required for the NDLS.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Road Safety Corps (FRSC), Abuja.

Risks

i. Understating the value of the Corps' Assets.
ii. Loss/pilferage of these assets.

Management's Response

i. There exists an IT register on ICT assets in FRSC Print Farm;
ii. The audit report recommended that the IT register be updated to reflect the following information, date of acquisition distinctly separating between the hardware and software components; and
iii. Set up a Software library where details of obsolete Software are kept for references and training,

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Corps Marshal should be requested to:

i. Provide to the Public Account Committees of the National Assembly, evidence that the IT Assets Register has been re-populated to include ALL relevant information from the date of acquisition, distinctly separating between the Hardware and Software components, and
ii. Otherwise, sanction relating to premature scrapping of assets by public officers specified in paragraph 3115 of the Financial Regulations, 2009 should apply.

ISSUE 4: PRINTED NATIONAL DRIVERS' LICENCE (NDL) UNACCOUNTED FOR (=₦316,284,000.00)

Description of Findings

Paragraph 1 of the Federal Government Circular No.: BO/RVE/12235/259/VII/201 of 11th November, 2011 states, "all Federal Agencies/Parastatals should limit their annual budgetary expenditure from Internally Generated Revenue (IGR) to no more than 75% of their gross revenue." Also, paragraph 112 (i) (f) & (l) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: 'ensuring accurate collection and accounting for all public moneys received and expended' and 'ensuring that any revenue collected are not spent but remitted to the appropriate authorities promptly."

Audit observed that:

i. The Corps could not account for fifty two thousand, seven hundred and fourteen (52,714) National Driver's Licence (NDL) in the year 2020, amounting to ₦316,284,000.00 (Three hundred and sixteen million, two hundred and eighty four thousand naira), as shown in the Table below.

ii. The above practice by the Corps contravened extant regulations under reference.

PRINT CARD ANALYSIS			UNIT COST (₦)	AMOUNT (₦)
DESCRIPTION	**QTY**	**TOTAL**		
PRINT CARDS B/F 2019	80,847			
TOTAL CARDS PURCHASED IN THE YEAR 2020	860,530			
TOTAL CARDS AVAILABLE FOR USE IN YEAR 2020		941,377		
Less: CARDS USED IN 2020		(927,768)		
CARDS C/F TO 2021		**13,609**		
CARDS ISSUED TO STATES & FCT:				
NDL	839,709			
MCL	19,033			
CARDS ISSUED TO STATES & FCT	858,742			
Add: BLANK CARDS RETURNED BY PRINT UNIT	16,312			
CARDS ISSUED PLUS BLANK CARDS RETURNED BY PRINT UNIT	875,054			
CARDS USED 2020	927,768			
Less: CARDS ISSUED PLUS BLANK CARDS RETURNED BY PRINT UNIT	875,054			
PRINT CARDS UNACCOUNTED FOR	**52,714**		**6,000**	**316,284,000.00**

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Road Safety Corps (FRSC), Abuja.

Risks

i. Under-remittance of revenue.
ii. Loss of government funds.

Management's Response

The Audit report did not take cognizance of the 29,921 cards included in Folio 1, which was the closing balance for the year ended 31st December 2020. The total 46,948 cards reported to have been discarded by the printing machine into the reject bin (damaged) was formally reported to SW Global Limited as contained in the memo by CC NDL.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Corps Marshal should be requested to:

i. Account to the Public Accounts Committees of the National Assembly 52,714 cards amounting to ₦316,284,000.00 (Three hundred and sixteen million, two hundred and eighty four thousand naira) unaccounted for.
ii. Recover and remit the sum of ₦316,284,000.00 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 collect and account for government revenue and gross misconduct, specified in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: USE OF SURROGATE COMMERCIAL BANK ACCOUNTS BY FRSC AND PARTNER FIRMS IN COLLECTION OF REVENUE (=₦3,599,352,300.13)

Description of Findings

Paragraph 4.27 of the Treasury Circular Ref. No. TRY A9 & B9/2015 OAGF/CAD/026/V. II/332 on "Guidelines on the Implementation of Treasury Single Accounts (TSA)/e-Collection" states,

a. Diversion of deposits to any commercial bank's accounts and use of surrogate accounts of any form is strictly prohibited.
b. All payments are to be made from the CBN sub-accounts directly to beneficiaries.
c. The Monitoring and Enforcement Team will ensure that any act of non-compliance is detected and sanctioned."

Audit observed that:

i. Revenue collected were not paid directly to the FRSC TSA.
ii. Deposits were diverted to the Partners' commercial banks accounts and only part of the collections were later paid to FRSC's TSA Account.
iii. Not all payments were made from the FRSC TSA Accounts directly to Partners. For instance, Partner's portion of the revenue were not transferred to the partners' accounts from the FRSC TSA Account, instead their share was removed before transferring the balance to the FRSC TSA account, and
iv. The revenue from these firms never specified the number of cards paid for on which the revenue was remitted, the class of driver's license paid for (whether motor vehicle/motor cycle and whether 3 years or 5 years, the unit price at which these remittances were made, etc.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Road Safety Corps (FRSC), Abuja.

Risks

i. Loss of revenue to the Federal Government.
ii. Diversion of Public Fund

Management's Response

The initial agreement entered into provided for SW Global Ltd to provide payment platform for collection of payment for licences. FRSC could not go back on the agreement to avoid breach and consequent penalties. However, the new agreement has modified this. The process of complete migration to Remita platform is on.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Corps Marshal should be requested to:

i. Provide the breakdown of the collections by the firms for which the sum of ₦3,599,352,300.13 (Three billion, five hundred and ninety nine million, three hundred and fifty two thousand, three hundred naira, thirteen kobo) was remitted to FRSC, to the Public Accounts Committees of the National Assembly.
ii. Furnish records of all the drivers' licenses produced and issued in the year under review (Financial Year 2020) to the Public Accounts Committees of the National Assembly.
iii. Produce the Commercial Bank statements of accounts of these firms where government moneys were paid into, 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.

ISSUE 6: UNDER-DEDUCTION OF WITHOLDING TAX (WHT) FROM PAYMENT TO NDL CONSULTANTS (= ₦90,579,554.92)

Description of Findings

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 the same time the payee who is the subject of the deduction is paid."

Audit observed that:

i. The Corps deducted only 5% WHT from fees paid to National Drivers Licence consultants instead of statutory 10% WHT on consultancy service by the limited companies, and
ii. The two consultants were overpaid by the sum of ₦90,579,554.92 (Ninety million, five hundred and seventy nine thousand, five hundred and fifty four naira, ninety two kobo), representing ₦75,564,583.75 for the first consultant and ₦15,014,971.17 for the second consultant.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Road Safety Corps (FRSC), Abuja.

Risks

i. Loss of revenue to government.
ii. Overpayment to contractor.

Management's Response

The contractor supplied all cards and other materials for drivers Licence production.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Corps Marshal should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦90,579,554.92 (Ninety million, five hundred and seventy nine thousand, five hundred and fifty four naira, ninety two kobo) being overpayment to two consultants.
ii. Recover and remit to the Treasury the sum of ₦90,579,554.92
iii. Provide 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 as specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 7: VALUE ADDED TAX (VAT) AND WITHHOLDING TAX (WHT) COLLECTED WITHOUT EVIDENCE OF REMITTANCE TO THE TREASURY (=₦465,415,371.35)

Description of Findings

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 sametime the payee who is the subject of the deduction is paid."

Audit observed that:

i. The Corps paid VAT, WHT and Stamp duty deducted from the Government Integrated Financial Information Management System (GIFMIS) Capital and Overhead and the Treasury Single Account (TSA) Stamp Duty to dedicated CBN accounts while TSA (VAT and WHT) deductions were paid into a commercial Bank, and
ii. The TSA statements showed that the sums of ₦194,584,233.86 for WHT and ₦270,831,137.49 for VAT, totalling ₦465,415,371.35 (Four hundred and sixty five million, four hundred and fifteen thousand, three hundred and seventy one naira, thirty five kobo) were paid into the above account without evidence of remittance to FIRS designated account with the CBN.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Road Safety Corps (FRSC), Abuja.

Risks

i. Loss of revenue to the government.
ii. Diversion of public funds.

Management's Response

WEMA Bank Plc. was duly authorised to collect Value Added Tax on behalf of the Corps.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Corps Marshal should be requested to:

i. Account to the Public Account Committee of National Assembly, the of the sum of ₦465,415,371.35 (Four hundred and sixty five million, four hundred and fifteen thousand, three hundred and seventy one naira, thirty five kobo), being VAT, WHT and Stamp duty deducted paid into to dedicated CBN accounts.
ii. Recover and remit the sum of ₦465,415,371.35 into to dedicated CBN accounts.
iii. Provide 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 8: UNSERVICEABLE VEHICLES AND POWER BIKES ABANDONED AT VARIOUS FRSC'S COMMANDS AND HEADQUARTERS, ABUJA (=₦98,508,850.00)

Description of Findings

Paragraph 2609 of the Financial Regulations (FR), 2009 states, "Unserviceable stores, buildings, plants, motor vehicles and equipment may be 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/ extra-ministerial offices and other arms of government which have their own engineering/technical facilities shall undertake the inspection and valuation. Those without such facilities may request the assistance of the Ministry of Works, or other ministries/extra-ministerial offices and other arms of government having such facilities, or employ the services of a registered engineering/technical workshop."

Audit observed that:

i. Fifty four (54) unserviceable vehicles, ambulances and Power Bikes worth over ₦98,508,850.00 (Ninety eight million, five hundred and eight thousand, eight hundred and fifty naira) were abandoned at the various Commands of the Corps and its Headquarters in Abuja, and
ii. The reason for not auctioning of the abandoned vehicles was not provided.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Road Safety Corps (FRSC), Abuja.

Risks

i. Conversion of government property for personal use.
ii. Waste of assets.
iii. Loss of revenue

Management's Response
Unserviceable vehicles and motorbikes have been auctioned after due process and requisite approval obtained.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Corps Marshal should be requested to:
i. Justify to the Public Account Committee of the National Assembly the reason for not disposing off the unserviceable vehicles, ambulances and Power Bikes of the Corps valued at ₦98,508,850.00 (Ninety eight million, five hundred and eight thousand, eight hundred and fifty naira), and
ii. Otherwise, sanctions relating gross misconduct in paragraph 3129 of the Financial Regulations, 2009 should apply.

NATIONAL AGRICULTURAL LAND DEVELOPMENT AUTHORITY (NALDA), ABUJA

At the National Agricultural Land Development Authority (NALDA), Abuja, the following observations were made for the period January to December, 2021:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦46,869,817.50)

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. The sum of ₦46,869,817.50 (Forty six million, eight hundred and sixty nine thousand, eight hundred and seventeen naira, fifty kobo) was paid to contractors for the procurement of medical equipment, and
ii. There were no records such as like store ledger, store receipt vouchers, store issue vouchers, etc. to show the items procured were not taken on ledger charge,

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority (NALDA), Abuja.

Risks

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

Management's Response

NALDA (The Authority) came into existence on June 2020 and since its establishment several letters were sent to the Office of The Head of Service of The Federation (OHCSF) requesting for Store Officers and Store Verifiers but officers are yet to be posted to the Agency.

Due to the fact that our state offices do not have stores, the authority receives all supplied items at the headquarters and issues Store Receive Voucher (SRV) to contractors at the headquarters. When issuing these items to the end users in the state, the headquarters issues Store Issue Vouchers (SIV). All the SRVs and SIVs are enclosed in their respective files for your verification. (See attached copies of the SRV and SIV and other supporting documents as regards the payment vouchers mentioned in your report in attachment I).

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why store items procured for ₦46,869,817.50 (Forty six million, eight hundred and sixty nine thousand, eight hundred and seventeen naira, fifty kobo) were not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦46,869,817.50.
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 2: UNACCOUNTED FUNDS IN THE VOTE BOOK (= ₦328,131,214.25)

Description of Findings

Paragraph 402 of the Financial Regulations (FR), 2009 states, "It is the duty of every officer controlling a vote to monitor the expenditure pattern of his ministry, extra-ministerial office and other arms of government with reference to the amounts provided in the Estimates. He shall keep a departmental vote book posted up-to-date in such form as will clearly show in respect of each sub-head…*(i)* the amount sanctioned in the Estimates; *(ii)* The amount of any additional provision by supplementary or other Warrants quoting the Warrant Number; and *(iii)* Any reduction of the provision by virement to another sub-head or item quoting the Warrant Number."

Audit observed that:

i. The sum of ₦328,131,214.25 (Three hundred and twenty eight million, one hundred and thirty one thousand, two hundred and fourteen naira, twenty five kobo) was not accounted for in the vote book of the Authority.
ii. The above amount was the difference between the year-end balance in the cashbook and the payment vouchers entered in the vote book, and
iii. The amount in the cash book and vote book at the end of the year ought to have been the same if properly accounted for.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority (NALDA), Abuja.

Risks

i. Mismanagement of government funds.
ii. Misappropriation of government funds.

Management's Response

The total amount of ₦328,131,214.25 (Three hundred and twenty-eight million, one hundred and thirty-one thousand, two hundred and fourteen naira, twenty-five kobo) represents the difference between the 2021 Financial Year End cash book balance and the vote book unspent balances as stated in the Audit report.

The capital vote book has been updated and the total unspent balances from the various sub heads equal ₦328,131,214.25 (Three hundred and twenty-eight million, one hundred and thirty-one thousand, two hundred and fourteen naira, twenty-five kobo). This figure agrees with the capital cash book closing balance. The vote book is also ready for your further inspection and audit.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦328,131,214.25 (Three hundred and twenty eight million, one hundred and thirty one thousand, two hundred and fourteen naira, twenty five kobo), being amount not accounted for in the vote book.
ii. Recover and remit to the Treasury, the sum of ₦328,131,214.25.
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 3: EXTRA BUDGETARY EXPENDITURE FROM THE TREASURY SINGLE ACCOUNT (TSA) (=₦8,859,187,359.94)

Description of Findings

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 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 2906 (ii) of 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 Management of the Authority spent directly from the TSA, not through the GIFMIS platform, the sum of ₦8,859,187,359.94 (Eight billion, eight hundred and fifty nine million, one hundred and eighty seven thousand, three hundred and fifty nine naira, ninety four kobo) without any budget approval, and
ii. Relevant documentations for the expenditure were not made available for audit contrary to the provisions of section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) and paragraph 110 of the Financial Regulations, 2009.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority (NALDA), Abuja.

Risks

i. Extra-budgetary expenditure.
ii. Violation of approved Estimates by the National Assembly.

Management's Response

The Act that established NALDA enables the Authority to derive fund from Ecological fund as part of its funding. The Act also enables the Authority to defray all expenditures directly to the fund. See NALDA Act section 16 (1-3) and Section 17, as amended, authorizing the Authority to make payment from the fund.

This fund is not budgeted or tied to any subhead but spent in accordance with the directive and approval of the President of the Federal Republic of Nigeria and Chief Executive Officer of NALDA. (Attached is a copy of the NALDA Act).

All documents pertaining to this fund are available for inspection.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,859,187,359.94 (Eight billion, eight hundred and fifty nine million, one hundred and eighty seven thousand, three hundred and fifty nine naira, ninety four kobo) being unbudgeted expenditure.
ii. Recover and remit to the Treasury, the sum of ₦8,859,187,359.94.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraphs 3129 of the Financial Regulations, 2009 should apply.

ISSUE 4 UNAPPROVED RECRUITMENT OF STAFF AS VOLUNTEERS (=₦30,496,000.00)

Description of Findings

Paragraph 020205(f) of the Public Service Rules (PSR), 2008 states, ''No officer shall be appointed into the Federal Public Service without authorization for appointment from the Office of the Head of the Civil Service of the Federation and Supervisory Boards in the case of Parastatals." Also, section 11 (3) of the National Agricultural Land Development Authority (Amendment) Act ,2016 states, "The staff of the Authority shall be public officers as defined in the Constitution of the Federal Republic of Nigeria, 1999 (as amended)."

Audit observed that**:**

i. The Authority paid the sum of ₦30,496,000.00 (Thirty million, four hundred and ninety six thousand naira) fourteen (14) volunteers engaged as monthly salary between May and December, 2021.
ii. The volunteers were engaged without complying with due process of engagement as required by extant regulation.
iii. The engagement letters issued to the volunteers did not specify the terms of engagement.
iv. The entitlement and period of engagement were also not specified on the engagement letters issued to them.
v. Some of the volunteers were appointed as State Coordinators when they are not staff of the Authority, and
vi. The volunteers were entrusted with financial documents of the office when they are not staff.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority (NALDA), Abuja.

Risks

i. Recruitment of incompetent employees.
ii. Extra-budgetary expenditure on employees' emoluments.

Management's Response

The Agency was established in June 2020, as at that time, there was no staff, office space nor material for the take-off of the Agency. The only official staff was the Chief Executive Officer. For the Agency to take-off, a request was made for volunteers who will help the agency to stand. You will recall that was during the Covid 19 Pandemic. Request was also sent to the following institutions for posting of pool officers:

a. Bureau for Public Procurement (BPP);
b. Office of the Accountant-General of the Federation (OAGF);
c. Ministry of Justice; and
d. Office of the Head of Civil Service of the Federation.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly the sum of ₦30,496,000.00 (Thirty million, four hundred and ninety six thousand naira) being salary paid to unapproved recruit staff.
ii. Recover and remit to the Treasury the sum of ₦30,496,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly for verification, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraphs 3129 of the Financial Regulations,2009 should apply.

ISSUE 5: UNSUBSTANTIATED ADDITIONS TO CONTRACT SUM (=₦579,902,075.20)

Description of Findings

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. Contingencies amounting to ₦8,694,475.00 (Eight million, six hundred and ninety four thousand, four hundred and seventy five naira) was paid to contractors without the contractors applying for the sums.
ii. Lump sum from the Bills of Quantities amounting to ₦45,792,645.35 (Forty five million, seven hundred and ninety two thousand, six hundred and forty five naira, thirty five kobo) was paid without any details of the items constituting the figures in the contracts.
iii. Professional fees provided for in the BOQs and paid to contractors was without evidence of utilization in the sum of ₦21,050,000.00 (Twenty one million and fifty thousand naira). The occurrence of professional fees during the execution of the

various contracts could not be established at the time of the audit. Moreover, the contracts awarded were on professional bases, but the contractors still added the cost of professional fees to the contracts with no evidence to show that the fees were expended on the contracts.

iv. Security fees provided in BOQs and paid to contractors was without evidence of how it was expended in the sum of ₦18,350,000.00 (Eighteen million, three hundred and fifty thousand naira).

v. Remunerations provided in BOQs and paid to contractors was without details in the sum of ₦91,365,000.00 (Ninety one million, three hundred and sixty five thousand naira). Though names of staff of the companies were given, schedule of payments acknowledged by these staff and other details of their employments were not furnished for confirmation.

vi. Reimbursable provided in BOQs paid to contractors in the sum of ₦385,250,395.35 (Three hundred and eighty five million, two hundred and fifty thousand, three hundred and ninety five naira, thirty five kobo) were not supported by the official receipts evidencing the expenditures, as required by extant rules and regulations.

vii. Management Supervision Costs in the sum of ₦9,399,559.50 (Nine million, three hundred and ninety nine thousand, five hundred and fifty nine naira, fifty kobo) provided in the BOQs and paid to contractors was without supporting documents.

viii. Administrative Costs in the sum of ₦6,708,049.20 (Six million, hundred and eight thousand, forty-nine naira, twenty kobo) were provided in the BOQs on three different contracts without breakdown of the cost elements involved, and

ix. The amounts in (i – viii) totalling ₦579,902,075.20 (Five hundred and seventy nine million, nine hundred and two thousand, seventy five naira, twenty kobo) were added to the contract elements without justifications. They are hereby disallowed.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority (NALDA), Abuja.

Risks

i. Diversion of public funds

ii. Payments for jobs not executed.

Management's Response

i. Contingencies paid to the following contractors totaling the sum of ₦8,694,475.00:
   1) Braver Nigeria Limited
   2) Mubell Instant Habitat Limited
   3) Selsa Logistics Service Limited

Note: The three contractors mentioned above applied and got approval for the utilization of the respective contingency's sums paid to them.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts committees of the National Assembly, the payment of ₦579,902,075.20 (Five hundred and seventy nine million, nine hundred and two thousand, seventy five naira, twenty kobo), being irregular payments to contractors.
ii. Recover the sum of ₦579,902,075.20 and remit to 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: CONTRACT FILES NOT PRESENTED FOR AUDIT (=₦645,245,218.68)

Description of Findings

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." 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, to 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."

Audit observed that:

i. Four (4) files relating to contracts amounting to ₦654,245,218.68 (Six hundred and fifty four million, two hundred and forty five thousand, two hundred and eighteen naira, sixty eight kobo) awarded by the Authority, 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 Agricultural Land Development Authority (NALDA), Abuja.

Risks

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

Management's Response

As at the time of audit inspection, the under listed files were in the project department, who were working on them. They are now available for inspection:

i. Janitor Cleaning and Engineering Ltd.
ii. United Ekehson International Nig. Ltd.
iii. Led Construction Nig. Ltd.
iv. Kenmau Global Synergy Ltd.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦654,245,218.68 (Six hundred and fifty four million, two hundred and forty five thousand, two hundred and eighteen naira, sixty eight kobo) being files not presented for audit.
ii. Recover the sum of ₦654,245,218.68 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payment stipulated in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 7: UNSUBSTANTIATED PAYMENTS MADE TO CONTRACTORS (=₦58,749,950.00)

Description of Findings

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. Some items of expenditure, as shown below, were added to the Bill of Quantity (BOQs) and paid to contractors:

(a) Out of the payment of ₦199,999,153.95 (One hundred and ninety nine million, nine hundred and ninety nine thousand, one hundred and fifty three naira, ninety five kobo) to a contractor for the construction of Balan-Rigar Tabari Road and others in Kano State, through award letter Ref. No. NALDA/Proc/CIC/Works/2021/13 dated 15th September, 2021, the sum of ₦8,799,000.00 (Eight million, seven hundred and ninety nine thousand naira) was added to the cost of the construction which comprised of:

			₦
a.	Compensation	=	2,500,000.00
b.	Supervision	=	400,000.00
c.	Provision of Vehicle	=	2,000,000.00
d.	Running cost of vehicle	=	250,000.00
e.	Miscellaneous	=	3,649,000.00

(b) Out of the payment of ₦49,950,950.00 (Forty nine million, nine hundred and fifty thousand, nine hundred and fifty naira) to a contractor for the provision of Community/Farmers Advocacy in Publicity (Door to Door enlightenment and Corporate Enlightenment) in Cross River, Katsina, Yobe and Gombe States, through award letter Ref. No. NALDA/Proc/Consult/2021/10 dated 22nd October, 2021, the sum of ₦22,906,000.00 was for Door-to-Door Enlightenment while ₦23,560,000.00 was for Corporate Enlightenment.

ii. In all, payments totalling ₦58,749,950.00 (Fifty eight million, seven hundred and forty nine thousand, nine hundred and fifty naira) were not made in the public interest, and

iii. Relevant documents to enable confirmation of judicious use of the funds in (i) above were not made available for examination.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority (NALDA), Abuja.

Risks

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

Management's Response

A. Messer Northwest Business Solution Limited: The project was carried out by the aforementioned company after all due procurement processes under constituency projects for Kano State. The project was sponsored by the National Assembly, supervised/certified by the Ministry of Special Duties and Inter-Government Affairs before it was paid for.

B. Messrs Rona E. U. Limited: The project/programme was awarded following all due processes. The Consultant carried out the door to door enlightenment and distribution of pamphlets written in English, Hausa and Efik languages

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦58,749,950.00 (Fifty eight million, seven hundred and forty nine thousand, nine hundred and fifty naira).
ii. Recover and remit to the Treasury, the sum of ₦58,749,950.00.
iii. Forward evidence off remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment stipulated in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 8: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦86,671,681.75)

Description of Findings

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. Seventy nine (79) paid vouchers totalling ₦86,671,681.75 (Eighty six million, six hundred and seventy one thousand, six hundred and eighty one naira, seventy five kobo) were not supported with relevant documents to confirm the veracity of the payments, and
ii. Relevant supporting documents such as receipts/invoices, letters of invitation for training, flight tickets, etc., were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority (NALDA), Abuja.

Risks

i. Payments for services not rendered.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary is requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦86,671,681.75 (Eighty six million, six hundred and seventy one thousand, six hundred and eighty one naira, seventy five kobo) without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦86,671,681.75.
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 9: IRREGULARITIES IN THE AWARD AND EXECUTION OF CONTRACT FOR THE PROCUREMENT OF DRUGS (= ₦74,948,000.00)

Description of Findings

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." Also, paragraph 9(iii) & (iv) of the letter Ref. No.: BPP/S.1/A&WR/21/Vol.1/341 dated 2nd December, 2021 states, "No bidder shall be shortlisted for more than one lot and that a minimum of five responsive and unrelated firms shall be invited to compete for each lot."

Audit observed that:

i. The sum of ₦74,948,000.00 (Seventy four million, nine hundred and forty eight thousand naira) was paid to three related pharmaceutical companies for the procurement of drugs from the overhead cost vote of the Authority.
ii. There was no evidence of request for the procurement of drugs and medical supplies to NALDA integrated farm estate clinic in Katsina and Borno States by the Department.
iii. There was neither evidence of need assessment nor evidence of quotation from minimum of five (5) suppliers as directed by Bureau of Public Procurement (BPP).
iv. Two companies were observed to be related as both is owned by the same person; both companies have the same shop number and address and share the same contact phone numbers with same CEO.
v. The pictorial evidence attached on both payment vouchers were the same, and
vi. The payments were made before raising payment vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority (NALDA), Abuja.

Risks

i. Payment to incompetent contractors
ii. Diversion of public funds.
iii. Loss of government funds.

Management's Response

Most of the projects referred to in your Audit Report were done using Open Competitive Bidding, that is, through advertisement. The supply of medication fell under those that were advertise. Messrs Be-Fit Chemist Limited and Pisces Pharmacy Limited are not related and not owned by the same Board of Directors.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦74,948,000.00 (Seventy four million, nine hundred and forty eight thousand naira) being irregularities on the contract award and execution.
ii. Account for the sum of ₦74,948,000.00 (Seventy four million, nine hundred and forty eight thousand naira).
iii. Recover and remit to Treasury the sum of ₦74,948,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly for verification, and
v. Otherwise, sanction relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

NATIONAL ROOT CROPS RESEARCH INSTITUTE, UMUDIKE

At the National Root Crops Research Institute, Umudike, Abia State, the following observations were made for the period January to December, 2021:

ISSUE 1: PROCUREMENT OF STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦10,303,000.00)

Description of Findings

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. Four (4) paid vouchers amounting to ₦10,303,000.00 (Ten million, three hundred and three thousand naira) were made from the Institute's Capital appropriation vote, for the purchase of items of stores.
ii. The store items were not taken on charge in the store ledgers and Store Receipt Vouchers (SRV) were not produced to confirm their receipts into the Store, contrary to the provision of extant regulations, and
iii. No invoice, delivery note, receipt and store issue vouchers were attached to the payment vouchers to show that the items were actually purchased and taken to store for documentation.

The above anomalies could be attributed to weaknesses in the internal control system at the National Root Crops Research Institute, Umudike, Abia State.

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

Management's Response
"The supplies were for the Institute's sub-station which ought to be treated by the concerned station's store officer to avoid duplication".

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,303,000.00 (Ten million, three hundred and three thousand Naira), being store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦10,303,000.00.
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 2: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦5,734,000.00)

Description of Findings
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 Institute made Twenty one (21) payments amounting to ₦5,734,000.00 (Five million, seven hundred and thirty four thousand naira) for services rendered.
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 National Root Crops Research Institute, Umudike, Abia State.

Risks
i. Award to ineligible contractors.
ii. Diversion of public funds.

Management's Response
All payments made by the institute are always supported by adequate relevant documents. All the listed vouchers in your Appendix III, have adequate relevant supporting documents.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,734,000.00 (Five million, seven hundred and thirty four thousand naira) being payments without supporting documents.
ii Recover and remit the sum of ₦5,734,000.00 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 prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 3: VIOLATION OF FEDERAL GOVERNMENT E-PAYMENT POLICY (=₦3,154,000.00)

Description of Findings
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 ₦3,154,000.00 (Three million, one hundred and fifty four thousand naira) were made in 2021 to persons other than the ultimate beneficiaries, in violation of extant regulations, 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 Root Crops Research Institute, Umudike, Abia State.

Risks

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

Management's Response

GIFMIS made it impossible for non-staff of the Institute to be paid through its platform. For the Institute to pay for transport and DTA of officers who come for official duty to the Institute, it is paid through its staff and retired accordingly.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦3,154,000.00 (Three million, one hundred and fifty four thousand naira) made in violation of the e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury, the sum of ₦3,154,000.00.
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 4: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE TREASURY (=₦3,975,030.34)

Description of Findings

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…."

Audit observed that:

i. The internally generated revenue by the Institute during the period under review was ₦5,300,040.45 (Five million, three hundred thousand, forty naira, forty five kobo) and only 25% of this in amount i.e. ₦1,325,010.11 (One million, three hundred and twenty

five thousand and ten naira, eleven kobo) was remitted to the CRF inspite of the fact that the Institute is a fully funded Agency, and

ii. The balance amount of ₦3,975,030.34 (Three million, nine hundred and seventy-five thousand, thirty Naira and thirty-four kobo) was spent by the Institute and could not be accounted.

The above anomalies could be attributed to weaknesses in the internal control system at the National Root Crops Research Institute, Umudike, Abia State.

Risks

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

Management's Response

In a meeting of Heads of Agricultural Research Institutes of Nigeria and past Chairman and Committee members of House of Representatives Committee on Agricultural Institutions, it was agreed that Research Institutes should remit 25% due to their peculiar nature and circumstantial functions. It was debated and the House asked us to be remitting 25% instead of 100%.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for the of ₦3,975,030.34 (Three million, nine hundred and seventy five thousand, thirty naira and thirty four kobo) being non-remittance of the Institute's IGR to Government Treasury.
ii. Account for the sum of ₦3,975,030.34.
iii. Recover and remit the sum of ₦3,975,030.34 to the Treasury.
iv. Forward evidence of refund 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 paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 5: CONTRACTS AWARDED TO UNREGISTERED COMPANIES (=₦28,028,650.00)

Description of Findings

Section (16) 6a (i-iii), 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 procurement; (ii) financial capability; (iii) equipment and other relevant infrastructure. Furthermore, section (16) 7 of the PPA, 2007 states, "The procuring entity may require a

bidder to provide documentary evidence or other information it considers necessary as proof that the bidder is qualified in accordance with this Act and the solicitation documents and for this purpose any such requirements shall apply equally to all bidders."

Audit observed that:

i. Four (4) contracts totalling ₦28,028,650.00 (Twenty eight million, twenty eight thousand, six hundred and fifty naira) were awarded to unregistered companies which did not have the requirements for bidding for the contracts, and
ii. Full payments had been made to the four (4) companies despite their non-qualification.

The above anomalies could be attributed to weaknesses in the internal control system at the National Root Crops Research Institute, Umudike, Abia State.

Risks

i. Poor execution of contract.
ii. Non-performance of the contracts.

Management's Response

The companies mentioned in the query are all duly registered companies by CAC, hence they inclusion and acceptance in the GIFMIS payment platform.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦28,028,650.00 (Twenty eight million, twenty eight thousand, six hundred and fifty naira) being payment of contract to unregistered companies.
ii. Recover and remit to the Treasury, the sum of ₦28,028,650.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular or wrong payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 6: IRREGULAR PAYMENT OF RETENTION FEES TO CONTRACTORS (=₦9,151,863.05)

Description of Findings

Paragraph 63 (1) of the Procurement Procedures Manual, Second Edition, 2011 states, "Retention money, on the other hand, is a portion of the payments due under the contract which is retained to ensure performance by the supplier/contractor. When used as a guarantee, it should not exceed 10% of the contract value. Instead of the Procuring Entity retaining part of the due payments, the supplier/contractor may also provide a money retention security in form of a bank guarantee or irrevocable Letter of Credit. If the contract

provides for both a performance security and retention fees, the total amount of both performance security and retention fee should not exceed 20% of the contract sum."

Audit observed that:

i. Three (3) contracts were awarded for various purposes of which the sum of ₦9,151,863.95 (Nine million, one hundred and fifty-one thousand, eight hundred and sixty-three naira, ninety-five kobo) was paid as retention fees to the contractors without waiting for the mandatory six (6) months after the dates of completion of the contracts as stipulated in the contract agreements, and
ii. The above payments were in contravention of extant regulations.

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

Risks

i. Loss of government funds as a result of frivolous expenditure.
ii. The probability that there was no reason for the contingency or its non-existence may be high.

Management's Response

"It is a normal practice to administer retention in contracts. Due to the Federal government policy of mopping up of funds at the end of the appropriation year, and having faced litigation with the contractors before because of this, we made efforts to complete our contracts earlier enough to allow the defects liability period within the appropriation year".

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Director should be requested to:

i. Account to Public Accounts Committees of the National Assembly the sum of ₦9,151,863.95 (Nine million, one hundred and fifty one thousand, eight hundred and sixty three naira, ninety five kobo) being payment of retention fees contrary to the mandatory six (6) months after the dates of completion of the contracts as stipulated.
ii. Recover and remit to Treasury the sum of ₦9,151,863.95 (Nine million, one hundred and fifty-one thousand, eight hundred and sixty-three naira, ninety-five kobo).
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 7: UNAPPROVED RECRUITMENT OF CASUAL STAFF (=₦50,157,500.00)

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 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 Service 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. The sum of ₦50,157,500.00 (Fifty million, one hundred and fifty seven thousand, five hundred naira) was payment made on direct engagement of casual workers.
ii. There was no engagement letter issued to each of the casuals specifying the terms of engagement for which they were engaged.
iii. The entitlement and period of engagement were not also specified since there was no letter engaging them.
iv. Payment of their salaries was not accounted for by the payees who collected on their behalf, due to non-acknowledgement by the purported casuals who ought to have signed for the amounts collected on their behalf, and
v. The farms which the Institute claimed the casuals worked were not shown to the auditors, for confirmation and validation.

The above anomalies could be attributed to weaknesses in the internal control system at the National Root Crops Research Institute, Umudike, Abia State.

Risks

i. Extra-budgetary expenditure on employees' emolument.
ii. Recruitment of incompetent workers.

Management's Response
These are old men and women who are above employment age and semi-literate. They are usually engaged during the farming season as to help to do field work and disengaged after each farming operation. This is done as a way to ameliorate the suffering of members of our host/land donor communities. With this, we have been able to maintain peaceful relationship and conducive working environment for the Institute.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦50,157,500.00 (Fifty million, one hundred and fifty seven thousand, five hundred naira) made without following due process.
ii. Recover and remit the sum of ₦50,157.500.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations, .2009 should apply.

ISSUE 8: DISCREPANCIES BETWEEN THE NAMES ON THE PAYMENT VOUCHERS AND GIFMIS PLATFORM (=₦20,597,000.00)

Description of Findings
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 ₦20,597,000.00 (Twenty million, five hundred and ninety seven thousand naira) was paid through the GIFMIS platform, but the names on the payment vouchers were different from those on the GIFMIS platform, and
ii. There was no other documents to show the payments were received by the ultimate beneficiaries.

The above anomalies could be attributed to weaknesses in the internal control system at the National Root Crops Research Institute, Umudike, Abia State.

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

Management's Response
GIFMIS did not make provision for payment of non-staff. Names on the payment vouchers are names of our casual workers who are not on the GIFMIS platform and cannot be paid directly.

Auditor's Evaluation
Audit notes the Management's response to the issues raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly for the sum of ₦20,597,000.00 (Twenty million, five hundred and ninety seven thousand naira) since proof of acknowledgement of the payments by the real beneficiaries could not be provided.
ii. Recover and remit the sum of ₦20,597,000.00 to the Treasury.
iii. Forward evidence of remittance 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 9: EXTRA BUDGETARY EXPENDITURE (=₦65,464,645.00)

Description of Findings
Paragraph 417 of the Financial Regulations, (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. Three (3) payments amounting to ₦65,464,645.00 (Sixty five million, four hundred and sixty four thousand, six hundred and forty five naira) were made to contractors in respect of three (3) contracts, and
ii. The contracts in (i) above were not budgeted for in the Institute's Appropriation.

The above anomalies could be attributed to weaknesses in the internal control system at the National Root Crops Research Institute, Umudike, Abia State.

Risks
i. Misuse of government funds.
ii. Virement without approval by National Assembly.

Management's Response
These jobs were done for Research Scientists for our Research Works, hence the monies were drawn from our Research and Development Fund/Budget. They were not misapplied funds.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Director should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, for the sum ₦65,464,645.00 (Sixty five million, four hundred and sixty four thousand, six hundred and forty five naira) made without budgetary provision.
ii. Recover and remit the sum of ₦65,464,645.00 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 paragraphs 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 10: IRREGULAR TRANSFER OF CONTRACT TO ANOTHER CONTRACTOR (=₦39,904,645.00)

Description of Findings
Section 16 (6a) of the Public Procurement Act, 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; the requirements of professional and technical qualifications for the award of contract, financial capability, equipment and other relevant infrastructure are adequate personnel to perform the obligations and the legal capacity to enter into the contract, etc."

Audit observed that:
i. A contract amounting to ₦39,904,645.00 (Thirty nine million, nine hundred and four thousand, six hundred and forty five naira) was awarded to a contractor for the Rehabilitation of NRCRI Library Complex/Senior Staff Meeting Hall and adjourning Offices at Umudike, through award letter NRCRI/C.170/S.1/Vol.ii/434 dated 18th August, 2021.
ii. The documents presented for audit showed that the contractor submitted its letter of acceptance on the 13th September, 2021 and on the same day transferred the contract to another contractor.
iii. The Contract Agreement has no seal or stamp with date and the Bills of Quantities (BOQs) of the contract was not provided for examination to ascertain the elements which constituted the total cost, and
iv. The contract sum was paid to the contractor without availing and producing the verification report as well as pictures to show the extent of completion.

The above anomalies could be attributed to weaknesses in the internal control system at the National Root Crops Research Institute, Umudike, Abia State.

Risks

i. Engagement of unqualified contractor.
ii. Diversion of government funds.

Management's Response

The contract was duly awarded to and executed by M/s Sarmacoil Ltd. However, he made a request through a letter including Power of Attorney, requesting NRCRI to make payments on his behalf to UB90 which we consented to. There was no transfer of contract.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Director should be requested to:

i. Account for the sum of ₦39,904,645.00 (Thirty nine million, nine hundred and four thousand, six hundred and forty five naira) being irregular payment made to another contractor.
ii. Recover and remit the sum of ₦39,904,645.00 to the Treasury.
iii. Forward evidence of remittance 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 11: IRREGULARITIES IN THE AWARD OF A CONTRACT (=₦15,326,959.00)

Description of Findings

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. A contract amounting to ₦114,417,289.00 (One hundred and fourteen million, four hundred and seventeen thousand, two hundred and eighty nine naira) was awarded through award letter Ref. No. NRCRI/C.170/S.1/Vol.ii/435 dated 18th August, 2021 for the Asphalt Tarring of Internal Road at the Headquarters, and

ii. The payment voucher revealed that the under-listed costs totalling ₦15,326,959.00 (Fifteen million, three hundred and twenty six thousand, nine hundred and fifty nine naira) were added to the Bills of Quantities (BOQs) without relevant receipts while the physical elements could not be sighted:

S/N	DESCRIPTION	AMOUNT (₦)
i	Allow for survey works and design	4,500,000.00
ii	Cost of work in progress photos	350,000.00
iii	Permanent suitable office accommodation	5,250,000.00
iv	Provide adequate personal protective equipment	500,000.00
v	Provide security equipment & Logistics	700,000.00
vi	Cost of maintenance work	4,026,959.00
	TOTAL	**15,326,959.00**

The above anomalies could be attributed to weaknesses in the internal control system at the National Root Crops Research Institute, Umudike, Abia State.

Risks

i. Payments for jobs not properly executed.
ii. Diversion of public funds.

Management's Response

The listed items, A - F, in the award of contract to Messrs PUMECO Industry Nigeria Limited is found to be his Preliminary items listed and accepted by us in his Bill of Quantities for the execution of the job.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦15,326,959.00 (Fifteen million, three hundred and twenty six thousand, nine hundred and fifty nine naira) being irregular payment.
ii. Recover and remit the sum of ₦15,326,959.00 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 done and irregular payment specified in paragraphs 3104(iii) and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 12: PAID VOUCHERS NOT PRESENTED FOR EXAMINATION (=₦4,914,599.14)

Description of Findings

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 ₦4,914,599.14 (Four million, nine hundred and fourteen thousand, five hundred and ninety nine naira, fourteen kobo) was paid through twelve (12) payment vouchers to various beneficiaries in 2021, 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 National Root Crops Research Institute, Umudike, Abia State.

Risks

i. Payments for unapproved expenditures.
ii. Payments for jobs not performed.
iii. Diversion of public funds.

Management's Response

All payment vouchers were presented during the periodic check, it may be oversight that led to not viewing some.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,914,599.14 (Four million, nine hundred and fourteen thousand, five hundred and ninety nine naira, fourteen kobo) being payments not presented for audit.
ii. Recover and remit the sum of ₦4,914,599.14 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.

NATIONAL WATER RESOURCES INSTITUTE, KADUNA, KADUNA STATE

At the National Water Resources Institute, Kaduna, Kaduna State, the following observations were made for the period January to December, 2020:

ISSUE 1: PAYMENT FOR PROJECTS WITHOUT EVIDENCE OF EXECUTION (=₦116,144,275.50)

Description of Findings

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." In addition, 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 Institute awarded contracts for the sum of ₦116,144,275.50 (One hundred and sixteen million, one hundred and forty four thousand, two hundred and seventy five naira, fifty kobo) to carryout sixteen (16) programmes for the Institute from the Capital Development Fund, and
ii. Evidence of contract execution such as reports, videos, photographs, fliers, list of participants was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

All projects are always executed as at when due. Any project that had no report is an ongoing or as a result of insecurity in some areas.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦116,144,275.50 (One hundred and sixteen million, one hundred and forty four thousand, two hundred and seventy five naira, fifty kobo) paid for programmes without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦116,144,275.50.
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 paragraphs 3104 and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: NON-COMPLIANCE WITH PUBLIC PROCUREMENT ACT (PPA), 2007 IN THE AWARD OF CONTRACTS (=₦105,699,761.07)

Description of Findings

Section 16(1) of the Public Procurement Act (PPA), 2007 states, "Subject to any exemption allowed by this Act, all public procurement shall be conducted: (c) by open competitive bidding; (d) in a manner which is transparent, timely, equitable for ensuring accountability and conformity with this Act and regulations deriving therefrom; (e) with the aim of achieving value for money and fitness for purpose; (f) in a manner which promotes competition, economy and efficiency; and (g) in accordance with the procedures and timeline laid down in this Act and as may be specified by the Bureau from time to time…."(6) All bidders in addition to requirements contained in any solicitation documents shall: 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; (b) possess the legal capacity to enter into the procurement contract;…." Furthermore, SGF's Circular Ref. No. PROC/BPP/045/1/89 dated 10th July 2018 mandated MDAs to prepare and submit their procurement plans online to Nigeria Open Contracting Portal (NOCOPO) and update their procurement records where necessary."

Audit observed that:

i. The sum of ₦105,699,761.07 (One hundred and five million, six hundred and ninety nine thousand, seven hundred and sixty one naira, seven kobo) was paid to contractors without evidence of undergoing the procurement process, and
ii. Evidence such as advertisement, invitation to tender, expression of interest, technical and financial evaluations, submission of procurement plans online to the Nigeria Open Contracting Portal (NOCOPO), due diligence report, contractor profiles showing the company audited accounts for the last 3yrs, company profile with curriculum vitae of relevant key staff to be deployed for the job including copies

of their academics and professional qualifications, evidence of at least 3 similar jobs executed in the last 5 years etc. were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

i. Engagement of unqualified contractors.
ii. Diversion of government funds.

Management's Response

The required contract documents were submitted to the team during the course of the work in the institute. They includes: contract agreements, award letters, contractors profile which contains item i-ix of your list. The institute is ready to make them available for sighting.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦105,699,761.07 (One hundred and five million, six hundred and ninety nine thousand, seven hundred and sixty one naira, seven kobo) to contractors without due process.
ii. Recover and remit to the Treasury, the sum of ₦105,699,761.07.
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 irregular payment stated in paragraphs 3117 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: TRAINING PROGRAMMES WITHOUT EVIDENCE OF PERFORMANCE (=₦128,693,594.51)

Description of Findings

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 sum of ₦128,693,594.51 (One hundred and twenty eight million, six hundred and ninety three thousand, five hundred and ninety four naira, fifty one kobo) was paid by the Institute for training purposes, and
ii. Evidence of performance such as completion certificate, list of participants, attendance register, group photographs, etc, were not produced or attached to the paid voucher.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management’s Response

All the training took place as planned except Stakeholders workshop on irrigation scheme that is ongoing. This was as a result of disagreement between the host AIRBDA and NWRI which had been resolved.

Auditor’s Evaluation

Audit notes the Management’s response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦128,693,594.51 (One hundred and twenty eight million, six hundred and ninety three thousand, five hundred and ninety four naira, fifty one kobo) without evidence of performance.
ii. Recover and remit the sum of ₦128,693,594.51 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 and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦22,800,089.50)

Description of Findings

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 ₦22,800,089.50 (Twenty two million, eight hundred thousand, eighty nine naira, fifty kobo) was paid for procurement store items, and
ii. There was no evidence that the supplies were made as the items were neither taken on store ledger charge nor Store Receipt 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 National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

All store items are taken on charge especially items contracted out because payment cannot be made without proper and complete supporting documents from store officers. Such as SRV, LPO.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦22,800,089.50 (Twenty two million, eight hundred thousand, eighty nine naira, fifty kobo), being store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦22,800,089.50.
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 DUE ECONOMY AND EVIDENCE OF UTILIZATION (=₦74,869,987.50)

Description of Findings

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 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…" 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 ₦74,869,987.50 (Seventy four million, eight hundred and sixty nine thousand, nine hundred and eighty seven naira, fifty kobo) was paid to two contractors for various training programs.
ii. The Institute's inspection team claimed to have visited the community in WUKARI for three days (26th – 28th November, 2020) which meant that they were not present for the two weeks training.
iii. The cross-session photograph attached to the payment vouchers showed that the printout on the shirts of the participants as "ZIP 2019". This indicated that there was no training held for ZIP 2020 rather photographs of the previous year was used.
iv. Relevant documents to substantiate the genuineness of the trainings such as list of participants per each award and their details such as phone numbers, email address, certificate of attendance and the detailed address of each geographical or local area which the training was conducted were not presented for audit.
v. The breakdown for the utilization of ₦74,869,987.50 was not produced for audit scrutiny.
vi. The name and payment evidence of the hotel accommodation in which the sum of ₦6,750,000.00 was expensed was neither stated nor attached to the paid voucher.\
vii. There was no evidence to show that the participants received the sum of ₦6,000.00 each as transport allowance (₦6,000.00 @ 75=₦450,000.00), and
viii. The set of empowerment tools said to have been purchased for ₦5,000,000.00 was not clearly specified and there was no evidence that they were actually purchased.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response
The two training took place as planned and the consultants carried out the activities as in the terms of agreement.

The team from institute went to Wukari during closing of the first training and opening ceremony for second training which they stayed, for some days before departing.

The report of the programme was attached as a supporting document to the payment voucher and was sighted by the team.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the payment of ₦74,869,987.50 (Seventy four million, eight hundred and sixty-nine thousand, nine hundred and eighty seven naira, fifty kobo) without evidence of utilization.
ii. Recover and remit to Treasury, the sum of ₦74,869,987.50.
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 6: OVERPAYMENT TO CONTRACTOR (=₦50,543,092.50)

Description of Findings
Paragraph 3105 of Financial Regulations (FR), 2009 states, "A Public Officer who makes an irregular payment from public funds, shall be given 21 days' notice to offer an explanation. Where no satisfactory explanation is given, the amount involved shall be recovered from the officer and such officer shall be removed from the schedule". 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 Institute overpaid a contractor on two contracts by ₦50,543,092.50 (Fifty million, five hundred and forty three thousand, ninety two naira, fifty kobo), and
ii. Each of the contracts was overpaid as shown below.

	₦
First overpayment:	22,235,172.50
Second overpayment:	28,307,920.00
Total overpayment:	50,543,092.50

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

The institute had applied to CBN for Bank statement from Polaris Capital Limited to ascertain the payment from the Institute and possible reconciliation.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Provide the due process documents including other relevant records to substantiate the legitimacy of the contracts to the Public Accounts Committees of the National Assembly.
ii. Recover and remit to the Treasury, the sum of ₦50,543,092.50 (Fifty million, five hundred and forty three thousand, ninety two naira, fifty kobo) overpaid to the contractor.
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: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦13,306,680.00)

Description of Findings

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 ₦13,306,680.00 (Thirteen million, three hundred and six thousand, six hundred and eighty naira) was paid to members of staff for different purposes/programmes in 2020, and
ii. The payments were made to persons other than direct beneficiaries that were named on the paid vouchers in violation of the Federal Government e-payment circular.

The above anomalies could be attributed to weaknesses in the internal control system at National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

The said amount paid to the under listed officers was as a result of GIFMIS Employee payable module whose payment to some of the beneficiaries could be possible only through an intermediary. Those that the money was paid to were either project accountant(s) or Assistant Desk Officer(s) for onward transfer to the affected staff.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,306,680.00 (Thirteen million, three hundred and six thousand, six hundred and eighty naira) being payments made in violation of the e-payment circular.
ii. Recover and remit to the Treasury the sum of ₦13,306,680.00.
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 specified in paragraphs 3016 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 8: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦6,339,617.00)

Description of Findings

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. Twenty two (22) paid vouchers totalling ₦6,339,617.00 (Six million, three hundred and thirty nine thousand, six hundred and seventeen naira) for various activities and services to the Institute were not supported with relevant documents, and
ii. The non attachment of relevant supporting documents such as invoices, receipts, store receipt voucher, etc. made it difficult to authenticate the validity, genuineness and correctness of the transactions.

The above anomalies could be attributed to weaknesses in the internal control system at National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

NWRI with due care in good faith always make payment when the necessary supporting documents are complete. All listed payments are not store items as stated.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,339,617.00 (Six million, three hundred and thirty nine thousand, six hundred and seventeen naira) being payments without supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦6,339,617.00.
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 9: UNAUTHORISED VIREMENTS (=₦53,366,371.56)

Description of Findings

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 sum of ₦53,366,371.56 (Fifty three million, three hundred and sixty six thousand, three hundred and seventy one naira, fifty six kobo) only being recurrent expenditure, was paid from the Capital Development Fund, and
ii. The payment in (i) above was without approval from the National Assembly in compliance with the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

All the institute payment are made in good faith as all under listed payment to individual relates to particular vote of charge for particular project as appropriated.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦53,366,371.56 (Fifty three million, three hundred and sixty six thousand, three hundred and seventy one naira, fifty six kobo) being unauthorized virements.
ii. Recover and remit to the Treasury, the sum of ₦53,366,371.56.
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 10: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦18,998,198.75)

Description of Findings

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 ₦18,998,198.75 (Eighteen million, nine hundred and ninety eight thousand, one hundred and ninety eight naira, seventy five kobo) was granted as cash advances to staff of the institute for various purchases and services above the approved threshold, and
ii. The action in (i) above, resulted to a loss of ₦2,564,756.83 (Two million, five hundred and sixty four thousand, seven hundred and fifty six naira, eighty three kobo) that would have accrued to government as 5% Withholding Taxes, 7.5% Value Added Taxes and 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦18,998,198.75 (Eighteen million, nine hundred and ninety eight thousand, one hundred and ninety eight naira, seventy five kobo) granted as cash advance instead of through contracts.
ii. Recover and remit to the Treasury, the sum of ₦18,998,198.75.
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.

ISSUE 11: EXTRA BUDGETARY EXPENDITURE (=₦267,677,932.84)

Description of Findings

Paragraph 301 of Financial Regulations (FR), 2009 states, "The Annual Estimates and Appropriation Act are instruments used to limit and arrange the disbursement of the funds of the Federal Government. No expenditure may be incurred except on the authority of a warrant Issued by the Minister of Finance. No expenditure may be incurred by any officer on any service, whether or not included in the Estimates, until he has received an authority to do so in accordance with one of the following provisions in these rules and regulations. Any officer controls a vote, or part thereof, who incurs expenditure without such authority does so on his sole responsibility and will consequently be held peculiarly responsible for

his actions." Furthermore, paragraph 402(i) of the FR, 2009 states, “It is the duty of every officer controlling a vote to monitor the expenditure pattern of his ministry, extra ministerial office and other arms of government with reference to the amounts provided in the Estimates”

Audit observed that:

i. The sum of ₦267,677,932.84 (Two hundred and sixty seven million, six hundred and seventy seven thousand, nine hundred and thirty two naira, eighty four kobo) was paid by the Institute to staff and contractors from the Capital Development Fund, and
ii. The payments in (i) above were not in the Appropriation Act for the year under review.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management’s Response

All expenditure incurred is in accordance with the “Annual Estimates and Appropriation” International conference on establishment of Jabi Lake is captured under “Counterpart Funding for UNESCO Regional Centre for Integrated River Basin Management (RC-IRBM)”. Students activities, Matriculate NWC’s and others was fully captured in the 2020 appropriation.

Auditor’s Evaluation

Audit notes the Management’s response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦267,677,932.84 (Two hundred and sixty seven million, six hundred and seventy seven thousand, nine hundred and thirty two naira, eighty four kobo) not appropriated.
ii. Recover and remit to the Treasury, the sum of ₦267,677,932.84.
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 12: VIOLATION OF CONTRACT AGREEMENTS ON DEDUCTION OF 5% RETENTION FEE (=₦85,065,633.28)

Description of Findings

Paragraph 26.1 of the contract agreements, states, "the employer shall retain from each payment due to the contractor the proportion stated in the SCC until the completion of the whole of the works", Furthermore, paragraph 26.2 of the contract agreements, states, "on the completion of the whole of the works, half the total amount retained shall be repaid to the contractor, the remaining half when the defects liability period has passed and the engineer has certified that all defects notified by the engineer to the contractor before the end of this period have been corrected"; In addition, GCC 26.1 states "the retention shall be 5% of the contract price".

Audit observed that:

i. The sum of ₦85,065,633.28 (Eighty five million, sixty five thousand, six hundred and thirty three naira, twenty eight kobo) was paid to contractors in respect of thirteen (13) projects awarded in 2020, and
ii. Five percent (5%) retention fees stated in the signed contract agreements, were not deducted by the Institute.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State

Risks

i. Poor execution of contract.
ii. Loss of government funds.

Management's Response

The project listed were a budget year project in which if retention were deducted, the Institute would find it difficult to pay the retention fees after six (6) months. However, letter of undertaking was required from the affected contractors.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-deduction of 5% retention fee amounting to ₦85,065,633.28 (Eighty five million, sixty five thousand, six hundred and thirty three naira, twenty eight kobo) from the contract amount.
ii. Provide evidence to the Public Accounts Committees of the National Assembly that the thirteen(13) projects were properly executed.
iii. Recover and remit to the Treasury, the sum of ₦85,065,633.28,
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

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

ISSUE 13: VIOLATION OF PUBLIC PROCUREMENT ACT (PPA), 2007 IN THE PROCUREMENT PROCESS (=₦16,499,722.94)

Description of Findings

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.” More so, section 41 of 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 ... (4) No negotiation shall take place between a procuring entity and a contractor or supplier with respect to a quotation. (5) The procurement shall be awarded to the qualified contractor or supplier that gives the lowest priced responsive quotation....”.

Audit observed that:

i. The sum of ₦16,499,722.94 (Sixteen million, four hundred and ninety nine thousand, seven hundred and twenty two naira, ninety four kobo) was paid to twelve (12) contractors for various procurement, and
ii. Only two (2) quotations were submitted in respect of each contract contrary to the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

i. Diversion of public funds.
ii. Award of contract to incompetent contractors.

Management’s Response

Quotations were received from at least 3 unrelated bidders and evaluated and the lowest responsive bids were selected and awarded accordingly. The required documents are available for sighting.

Auditor’s Evaluation

Audit notes the Management’s response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,499,722.94 (Sixteen million, four hundred and ninety nine thousand, seven hundred and twenty two naira, ninety four kobo) being payments to contractors without due process.

ii Recover and remit to the Treasury the sum of ₦16,499,722.94.

iii. Forward evidence of remittances 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 14: CONTRACT FILES NOT PRESENTED FOR AUDIT (=₦675,549,639.32)

Description of Findings

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." in addition, 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, to 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".

Audit observed that:

i. Files relating to contracts amounting to ₦675,549,639.32 (Six hundred and seventy five million, five hundred and forty nine thousand, six hundred and thirty nine naira, thirty two kobo), used for award of contracts by the Institute, were not presented for audit, and

ii. There was no evidence to justify the award of contracts in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

i. Loss of government funds.

ii. Diversion of government funds.

Management's Response
All required contractors file were supplied accordingly and they are available for sight seen if required.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦675,549,639.32 (Six hundred and seventy five million, five hundred and forty nine thousand, six hundred and thirty nine naira, thirty two kobo) being payment for contracts without due process.
ii. Recover and remit to the Treasury, the sum of ₦675,549,639.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment stipulated in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 15: OVERPAYMENT TO CONTRACTOR (=₦619,221.92)

Description of Findings
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…" 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 Institute awarded a contract for the Rehabilitation of it's NYSC Lodge at the sum of ₦4,545,337.50 (Four million, five hundred and forty five thousand, three hundred and thirty seven naira, fifty kobo), to a company through contract number NWRI/PROC/975/V.I dated 26th October, 2020.
ii. Paid voucher for the sum of ₦4,590,249.41 (Four million, five hundred and ninety thousand, two hundred and forty nine naira, forty one kobo) was raised on the 28th November, 2020, which was above the contract sum provided in (i) above, and

iii. GIFMIS records showed that the sum of ₦5,164,559.42 (Five million, one hundred and sixty four thousand, five hundred and fifty nine naira, forty two kobo) tax included was paid to the contractor, resulting to an overpayment of ₦619,221.92 (Six hundred and nineteen thousand, two hundred and twenty one naira, ninety two kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦619,221.92 (Six hundred and nineteen thousand, two hundred and twenty one naira, ninety two kobo) overpaid to the contractor.
ii. Recover and remit to the Treasury, the sum of ₦619,221.92.
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 16: UNDER DEDUCTION OF WITHOLDING TAXES (=₦3,622,685.00)

Description of Findings

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 Institute under deducted and remitted Withholding Tax from payments made to contractors by ₦3,622,685.00 (Three million, six hundred and twenty two thousand, six hundred and eighty five naira, eighteen kobo), and
ii. Instead of deducting 10%, only 5% was deducted from each of the contractors resulting to the under deduction in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,622,685.00 (Three million, six hundred and twenty two thousand, six hundred and eighty five naira, eighteen kobo) being under deduction of relevant Withholding Taxes.
ii. Recover and remit the sum of ₦3,622,685.00 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 failure to collect and account for Government Revenue specified in paragraph 3112(i) of the Financial Regulations, 2009 should apply.

ISSUE 17: PAYMENT FOR CONSULTANCY SERVICES NOT SUPPORTED BY ADEQUATE DOCUMENTS (=₦62,437,546.17)

Description of Findings

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. Payments of ₦62,437,546.17 (Sixty two million, four hundred and thirty seven thousand, five hundred and forty six naira, seventeen kobo) for consultancy services made by the Institute during the period under review, were not supported by relevant documents, and
ii. The non attachment of relevant supporting 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 the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

Every necessary document concerning the consultancy were adequately presented to the team. And they are still available for sighting.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, payment of ₦62,437,546.17 (Sixty two million, four hundred and thirty seven thousand, five hundred and forty six naira, seventeen kobo) for consultancy services without relevant supporting documents.
ii. Recover and remit to the Treasury the sum of ₦62,437,546.17.
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 and irregular payment prescribed in paragraphs 3104(iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 18: MONITORING AND EVALUATION OF PROJECTS WITHOUT REPORTS (=₦6,739,000.00)

Description of Findings

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 FR, 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Also, paragraph 415 of 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. Payments totalling ₦6,739,000.00 (Six million, seven hundred and thirty nine thousand, naira) were made to forty (40) staff of the Institute for Monitoring and Evaluation Supervision of Projects, and
ii. The payments in (i) above were not supported with report by the officers who participated in the monitoring and evaluation supervisions to justify the expenditures.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,739,000.00 (Six million, seven hundred and thirty nine thousand, naira) paid without report.
ii. Recover and remit to the Treasury, the sum of ₦6,739,000.00.
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 2009 should apply.

ISSUE 19: PAYMENTS FOR CONFERENCE WITHOUT PROOF OF ATTENDANCE (=₦10,997,668.05)

Description of Findings

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(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.". 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 ₦10,997,668.05 (Ten million, nine hundred and ninety seven thousand, six hundred and sixty eight naira, five kobo) was paid for International Conference on establishment of Jabi Lake as an ecohydrology, and
ii. The payment in (i) above was not supported with relevant documents to show that the International Conference actually took place and that Officers nominated by the Institute participated.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

NWRI host Regional Centre for Integrated River Basin Management (RC-IRBM) in Nigeria as a category II under the auspices of UNESCO that covers 16 West African Countries. NWRI conduct and promote hydro-informatics Integrated Water Resource Management (IWRM) and socio-economic research and training Institute stakeholders at local, national, regional and international level for the RC-IRBM particularly by facilitating interactions among and provide support to River Basin Development Authority in West African region. In the course of carrying out the above programs/activities, the international conference on the establishment of Jabi Lake as an ecohydrology held in Abuja Nigeria under the MoU, the RC-IRBM is mandated to conduct development programmes/activities across the world. As indicated in the MoU, all the above activities which are continuous in Nature, require the staff, board members, and regional stakeholders to participate in the conference.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦10,997,668.05 (Ten million, nine hundred and ninety seven thousand, six hundred and sixty eight naira, five kobo) without evidence of attendance.
ii. Recover and remit to the Treasury, the sum of ₦10,997,668.05.
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 20: PAYMENT FOR INDUCTION COURSE WITHOUT EVIDENCE OF EXECUTION (=₦7,632,797.93)

Description of Findings

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, 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 ₦7,632,797.93 (Seven million, six hundred and thirty two thousand, seven hundred and ninety seven naira, ninety three kobo) was paid to staff for procurement of course materials and conduct of 2020 Induction Course, and
ii. There was no relevant document such as evidence of attendance, pictures and receipts to show that the induction course took place and that course materials were purchased.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

National Water Resources Institute as a parastatal of Federal Ministry of Water Resources has the responsibility of Conducting research and training achieving analysis of data collection, dissemination of information for sustainable water resources management. Base on water resources in 2006 mandated NWRI to be conducting regular induction course for new entrants in to water sector. The participants are from various MDAs with water related activities.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦7,632,797.93 (Seven million, six hundred and thirty two thousand, seven hundred and ninety seven naira, ninety three kobo) for the purchase of course material for induction course without relevant supporting documents.
ii. Recover and remit the sum of ₦7,632,797.93 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.

ISSUE 21: PAYMENTS FOR MEETINGS WITHOUT EVIDENCE OF ATTENDANCE (=₦58,570,080.00)

Description of Findings

Paragraph 708 of 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, 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 ₦58,570,080.00 (Fifty eight million, five hundred and seventy thousand, eighty naira) was paid to staff to attend various meetings, and
ii. The payment in (i) was not supported with report or any form of evidence to justify the payment.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

i. Loss of government funds.
ii. Misappropriation of funds.

Management's Response

NWRI host Regional Centre for Integrated River Basin Management (RC-IRBM) in Nigeria as a category II under the auspices of UNESCO that covers 16 West African Countries. NWRI conduct and promote hydro-informatics Integrated Water Resource Management (IWRM) and socio-economic research and training Institute stakeholders at local, national, regional and international level for the RC-IRBM particularly by facilitating interactions among and provide support to River Basin Development Authority in West African region. In the course of carrying out the above programs/activities, the Governing Board of RC-IRBM held its 7th Governing Board meeting in Lomo Togo on 21st June, 2021 under the MoU, the RC-IRBM is mandated to conduct development programmes/activities covering the west African sub-region and all UNESCO activities which are continuous in nature, require the staff, board members, and regional stakeholders to participate in the meeting. The peer review visit to university of Buea Cameroon is under research collaboration MoUs with external bodies (Linkages and collaborations).

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦58,570,080.00 (Fifty eight million, five hundred and seventy thousand, eighty naira) to officers of the Institute without relevant supporting documents.

ii. Recover and remit the sum of ₦58,570,080.00 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.

ISSUE 22: PAYMENTS FOR RESEARCH WORKS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦45,626,343.00)

Description of Findings

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 ₦45,626,343.00 (Forty five million, six hundred and twenty six thousand, three hundred and forty three naira) was paid to the staff from the Capital Development Fund for research purposes, and
ii. There was no evidence such as reports to prove that the research was actually carried out.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

All the research work carried out have the necessary documentations.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Provide to the Public Accounts Committees of the National Assembly, the reports of the research.
ii. Recover and remit to the Treasury the sum of ₦45,626,343.00 (Forty five million, six hundred and twenty six thousand, three hundred and forty three naira).

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 23: PAYMENTS FOR OVERSEAS TRAVELS WITHOUT APPROVAL (=₦25,969,591.80)

Description of Findings

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 ₦25,969,591.80 (Twenty five million, nine hundred and sixty nine thousand, five hundred and ninety one naira, eighty kobo) was paid to some staff to embark on foreign trips, and
ii. The payments in (i) above were not supported with approval from the Secretary to the Government of the Federation or Head of Civil Service of the Federation as required by the extant regulations under reference.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦25,969,591.80 (Twenty five million, nine hundred and sixty nine thousand, five hundred and ninety one naira, eighty kobo) for overseas travel without approval from

the Head of the Civil Service of the Federation or the Secretary to the Government of the Federation.

ii. Recover and remit to the Treasury the sum of ₦25,969,591.80 paid on foreign trips without due approval.

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 24 PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦262,995,618.85)

Description of Findings

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 ₦262,995,618.85 (Two hundred and sixty two million, nine hundred and ninety five thousand, six hundred and eighteen naira, eighty five kobo) was paid through Sixty five (65) paid vouchers, to various beneficiaries, and

ii. The paid vouchers and other supporting documents were not presented for audit contrary to the extant regulations under reference.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

i. Loss of government funds.

ii. Payment for unapproved expenditure.

Management's Response

The 65PVs referred to were duly prepared and payment procedures followed accordingly. No payments are made without PV. If these PVs were not seen then they could have placed wrongly in the files after being worked upon by the external Auditors or other inspectors. The required PVs have been retrieved and are hereby presented for your verification and update. All the PVs were duly presented for Audit verification before payments were made.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why sixty five (65) vouchers used to effect payments to various beneficiaries were not presented for audit.
ii. Account for the sum of ₦262,995,618.85 (Two hundred and sixty two million, nine hundred and ninety five thousand, six hundred and eighteen naira, eighty five kobo) paid to various beneficiaries.
iii. Recover and remit to the Treasury, the sum of ₦262,995,618.85.
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 25: DENIAL OF ACCESS TO BOOKS AND RECORDS

Description of Findings

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 institute engaged the service of a consultant that managed its water suite, conference centre, restaurant, the guest house and the chalets, and
ii. The under listed documents and books of account of the entity were not presented for Audit:
    a. Revenue cash book for the period.
    b. Revenue receipt.
    c. Evidence of remittance to TSA account.
    d. Bank statements, Bank account details.
    e. List of staff working in the consultancy units, their designation, employment type (contract or permanent).
    f. Their IPPIS numbers, if they are staff of the Institute.
    g. Memorandum of Understanding between the NWRI and Integrated Consult Limited.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

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

Management's Response
No response

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General 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 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.

ISSUE 26: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO CONSOLIDATED REVENUE FUND (=₦459,250.00)

Description of Findings
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 ₦1,837,000.00 (One million, eight hundred and thirty seven thousand naira) was the Internally Generated Revenue (IGR) by the Institute in 2020.
ii. 25% of the IGR in (i) above amounted to ₦459,250.00 (Four hundred and fifty nine thousand, two hundred and fifty naira), and
iii. The sum of ₦459,250.00 remained unremitted at the time of audit in August 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦459,250.00 (Four hundred and fifty nine thousand, two hundred and fifty naira) being the unremitted IGR.
ii. Remit the sum of ₦459,250.00 to the Treasury.
iii. Furnish evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating gross misconduct in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 27: UNRETIRED CASH ADVANCES (=₦127,651,797.04)

Description of Findings
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 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. The sum of ₦127,651,797.04 (One hundred and twenty seven million, six hundred and fifty one thousand, seven hundred and ninety seven naira, four kobo) was paid to staff of the Institute as Cash advances from January to December, 2020, and
ii. Evidence of retirement of the cash advances in (i) above, were not presented for audit in 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

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

Management's Response
The appendix referred to is not found and this makes it impossible to make references and respond accordingly.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦127,651,797.04 (One hundred and twenty seven million, six hundred and fifty one thousand, seven hundred and ninety seven naira, four kobo) being unretired cash advances.
ii. Recover and remit to the Treasury the sum of ₦127,651,797.04.
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 28: PAYMENTS WITHOUT PAYMENT VOUCHERS AND INTERNAL AUDIT CHECKS (=₦34,812,031.25)

Description of Findings

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 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 ₦34,812,031.25 (Thirty four million, eight hundred and twelve thousand, thirty one naira twenty five kobo) was paid in two (2) tranches from constituency project vote, and
ii. The payments in (i) above were made and posted into the cash book without presenting the paid voucher for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

i. Loss of Government funds.
ii. Misapplication of public funds

Management's Response
FR 1705 (2009) does not talk about 100% prepayment Audit as stated in your report. FR 601 (2009) states that no payment should be made in favour of the persons to whom money is actually due without a PV.

Sir, if PV was not seen or brought to you does not mean it was not raised. It could have been mistakenly placed in another file or group due to similar exercise by other inspectors, the payments were made in favour of Azzramid (Services as mentioned in your reports. The PVs are hereby presented for your perusal and actions please).

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director General should be requested to:
i. Account for the sum of ₦34,812,031.25 (Thirty four million, eight hundred and twelve thousand, thirty one naira twenty five kobo) to Public Accounts Committees of the National Assembly, being payments made without evidence of raising paid vouchers.
ii. Recover and remit to the Treasury, the sum of ₦34,812,031.25.
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 29: PAYMENT WITHOUT EVIDENCE OF RECEIPT BY FINAL BENEFICIARIES (=₦1,900,000.00)

Description of Findings
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 Institute made Payments totalling ₦1,900,000.00 (One million, nine hundred thousand naira) in respect of security and cleaning services rendered during the period under review.
ii. The payment in (i) above were made to some staff of the Institute rather than paying directly into the individual beneficiaries' bank accounts as required by the e-payment policy of the Federal Government, and

iii. There was no evidence of acknowledgment by the ultimate beneficiaries produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

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Management's Response

The beneficiaries are cleaners & security guards of the Institute who are not on the GIFMIS platform for payments to be made through their personal accounts.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,900,000.00 (One million, nine hundred 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 ₦1,900,000.00.
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 30: CONTRACT AWARDED WITHOUT EVIDENCE OF UTILIZATION (=₦49,944,375.00)

Description of Findings

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 Institute awarded Zonal intervention contract to an engineering company at the contract sum of ₦49,944,375.00 (Forty nine million, nine hundred and forty four thousand, three hundred and seventy five naira), and
ii. The due process documents such as Bill of Quantity, Geotechnical Investigation & Engineering Design Report, job completion certificate, Inspection report by the 4

members of the committee on the project, breakdown of the contract sum of ₦49,944,375.00, contract agreement, Scope of the contract, advertisement, technical and financial evaluation reports, contract files were not not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

Proc. to supply BOQ, Engineering Design report, Job completion certificate, inspection report of 4 members, contract agreement, scope, due process documents and contract file.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦49,944,375.00 (Forty nine million, nine hundred and forty four thousand, three hundred and seventy five naira) being payments made without evidence of utilization.
ii. Provide the above listed documents in (ii) above to the Public Accounts Committees of the National Assembly.
iii. Recover and remit to the Treasury the sum of ₦49,944,375.00 (Forty nine million, nine hundred and forty four thousand, three hundred and seventy five naira).
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 manage or spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 31: NON-SUBMISSION OF 2020 AUDITED FINANCIAL STATEMENTS

Description of Findings

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 management of the Institute failed to submit its 2020 audited Financial Statements to the Auditor-General for the Federation as at the time of this audit in 2021, and

ii. The above practice by the Institute contravened extant regulations on the submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the National Water Resources Institute, Kaduna, Kaduna State.

Risks

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

Management's Response

NWRI Audited financial statements submitted to the OAuGF on ----- and evidence of receipt acknowledge copy hereby presented for your update and documentation

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director General should be requested to:

i. Justify the non-submission of the audited financial statements to the Public Accounts Committees of the National Assembly,
ii. Forward copies of the audited financial statements to Office of the Auditor General for the Federation and 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.

SECTION 2
ENVIRONMENTAL AUDIT DEPARTMENT

HYDROCARBON POLLUTION REMEDIATION PROJECT (HYPREP) OFFICE

At the Hydrocarbon Pollution Remediation Project (HYPREP) Office, from inception to December, 2021, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2017 TO 2021)

Description of Findings

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 Hydrocarbon Pollution Remediation Project (HYPREP) Office failed to submit its audited financial statements for the years 2017 to 2021 to the Office of the Auditor-General for the Federation as at the time of audit on the 9th May, 2022, and
ii. The above practice by the Office contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Submit the audited financial statements, in respect of 2017 to 2021 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: IRREGULAR AWARD OF CONTRACT AND NON-DEDUCTION OF STATUTORY TAX (=US$2,135,700.00)

Description of Findings

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 Regulation, 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 Governing Council approved the sum of US$2,135,700.00 (Two million, one hundred and thirty five thousand, seven hundred dollar) for HYPREP to enter into a Technical Service Funding Agreement with UNEP for one (1) year.
ii. The first installment of US$1,600,000.00 for the provision of technical support to HYPREP, for one (1) year, was paid.
iii. The second installment in the sum of US$535,700.00 (Five hundred and thirty five thousand, seven hundred dollar) was paid for the provision of technical support to HYPREP for one (1) year vide payment voucher number HYP/REC/316/20 of 4th March, 2020 to the United Nations Environment Programme (UNEP).
iv. The value of the contract amounting to US$2,135,700.00 was above the Governing Council approval threshold of ₦100,000,000.00 (US$247,782.35 at the rate of ₦403.58 to US$1 in 2021), and

v. Evidence of procurement due process and deduction of Statutory 10% WHT on consultancy amounting to US$213,570.00 (Two hundred and thirteen thousand, five hundred and seventy dollar) was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the payment of US$2,135,700.00 (Two million, one hundred and thirty five thousand, seven hundred dollar) being irregular award of contract.
ii. Recover and remit to the Treasury, the sum of US$2,135,700.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and
iv. Otherwise, sanctions relating to irregular payment, failure to remit VAT and WHT and gross misconduct specified in paragraphs 3106, 234 (ii) and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: PAYMENT FOR CONSULTANCY SERVICES WITHOUT EXECUTION (=₦968,119,275.08)

Description of Findings

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. A contract for consultancy services of HYPREP Project Management Services was awarded to a consultant in the sum of ₦968,119,275.08 (Nine hundred and sixty eight million, one hundred and nineteen thousand, two hundred and seventy five naira, eight kobo) vide award letter reference number FMENV/PROC/CAP/2017/PC/HYPREP/074/1 of 16th January, 2018 with 24 months

completion period. The payment profile showed that 100% of the contract sum had been paid to the consultant.

ii. The basis for the procurement of the consultant was not disclosed as necessary tender documents which included advertisement placed for the job, quotations received, financial and technical evaluation of bidders, etc. were not made available for audit.

iii. The former legal adviser of HYPREP, wrote to the project Coordinator vide letter referenced HYP/PCO/005/1 dated 21st June 2018 of duplication of services as the scope of work of the consultant is the same as the function of HYPREP.

iv. Contrary to observation in (iii) above, the full contract sum was paid to the consultant which is akin to payment for services not rendered, and

v. The basis of arriving at the contract sum for the consultant was not provided for audit to confirm compliance with the standard scale of fees for consultants in Nigeria.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

i. Diversion of public funds.

ii. Payment for services not rendered.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦968,119,275.08 (Nine hundred and sixty eight million, one hundred and nineteen thousand, two hundred and seventy five naira, eight kobo) paid for consultancy services without evidence of execution.

ii. Recover and remit to the Treasury, the sum of ₦968,119,275.08.

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 4: IRREGULAR PAYMENT FOR TRAINING (=₦315,380,740.00)

Description of Findings

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." Also, 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."

Audit observed that:

i. The sum of ₦315,380,740.00 (Three hundred and fifteen million, three hundred and eighty thousand, seven hundred and forty naira) was approved by the Minister/ Chairman of the Governing Council and paid to United Nation Development Programme (UNDP) for the training of four hundred (400) women selected from the (4) L.G.A of Ogoni-land vide payment voucher no. HYP/REC/785/19 dated 16/09/2019. The fund was meant for United Nations Institute for Training and Research (UNITAR), an Agency of United Nations.
ii. There was no evidence that approval was sought from the Federal Executive Council before engaging the consultant as the approval threshold was above that of the Ministerial Tenders Board.
iii. There was no evidence of competitive bidding leading to the engagement of the consultant.
iv. The payment was made up-front contrary to the provision of extant regulations.
v. Statutory 10% withholding tax of ₦31,538,074.00 (Thirty one million, five hundred and thirty eight thousand and seventy four naira) was not deducted from the payment.
vi. There was no evidence of performance as financial report from UNDP and certification of work done by the user/supervisory department were not attached, and
vii. There was no evidence of compliance with Article 1.4 of the agreement which states that the funds shall be administered in accordance with the United Nations financial regulations and consistent with the Federal Government rules in the disbursement of funds. Moreso, the source of the fund is from Nigeria and not counterpart funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦315,380,740.00 (Three hundred and fifteen million, three hundred and eighty thousand, seven hundred and forty naira), being irregular payment for training.

ii. Recover and remit to the Treasury, the sum of ₦315,380,740.00.
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 5: PAYMENT FOR POORLY EXECUTED CONTRACT (=₦7,263,653,989.47)

Description of Findings

Section 16(28) of the Public Procurement Act (PPA), 2007 states, "All procurement contract shall contain warranties for durability of goods, exercise of requisite skills in service provision and use 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. HYPREP paid ₦7,263,653,989.47 (Seven billion, two hundred and sixty three million, six hundred and fifty three thousand, nine hundred and eighty nine naira, forty seven kobo) out of the total contract sum of ₦7,802,246,783.40 (Seven billion, eight hundred and two million, two hundred and forty six thousand, seven hundred and eighty three naira, forty kobo) for Phase 1 Batch 1 of remediation works during the period under review.
ii. The quality of job done in the remediation projects were below standards and the management of HYPREP ought to have rejected the jobs as they were substandard.
iii. The aspects of the job that should have been rejected, as highlighted by the Senior Technical Expert, now the Project Coordinator of HYPREP of UNEP included:
    a. Biocells poorly constructed in almost all lots: The biocells were constructed without proper gradient dipping towards sump, hence the biocell does not effectively drain towards sump. The implication of this is that the treated soils within the biocell cannot be maintained at optimal moisture content (not greater than 30%). It should not be too dry or wet. Sump drains elevation higher than the base level of the biocell in most cases.
    b. Biocell constructed without a conducting layer of sand, this inhibits the draining of leachates into sump. Leachates are not recycled back into biocell. The recycling of the leachates actually promotes more effective biodegradation activities as it (leachate) is more potent with larger microbial population.
    c. Undulating biocell floor retains excessive moisture at these depressions due to poor drainage, hence there are localized areas of elevated moisture and observed contamination within biocells.
iv. Excavation process is flawed. Soils of various contamination levels were dumped together in one continuous pile.
v. Sampling of treated contaminated soils was done without supervision, and not truly representative of the treated mass. The stockpiling of the soils will not allow for representative sampling.

vi. HDPE lining integrity breached: The lining is broken/not properly welded in most cases. This will be a pathway of contaminants into uncontaminated areas used for the treatment. This is unacceptable.
vii. Tiling of soils within biocell was inefficient, soils should be broken down to finer particles and evenly homogenized to increase surface area and enhance biodegradation.
viii. No proper monitoring of the bioremediation process to ascertain whether biodegradation is actually taking place or not. Bioremediation indices (moisture content, soil gas (CO2), PH, Temperature, Microbial count and families, nutrient concentration) should have been monitored daily, and
ix. Site Managers/Supervisors have no basic knowledge of bioremediation or what biocells are supposed to achieve.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks
i. Payment for defective equipment.
ii. Loss of public funds
iii. Diversion of public funds

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Project Coordinator should be requested to:
i. Account to the Public Accounts Committee of the National Assembly, the sum of ₦7,263,653,989.47 (Seven billion, two hundred and sixty three million, six hundred and fifty three thousand, nine hundred and eighty nine naira, forty seven kobo) being payment for substandard remediation projects.
ii. Recover and remit to the Treasury, the sum of ₦7,263,653,989.47,
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, 2009 respectively, should apply.

ISSUE 6: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦268,523,350.00)

Description of Findings
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." 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. Three (3) payments totaling ₦268,523,350.00 (Two hundred and sixty eight million, five hundred and twenty three thousand, three hundred and fifty naira) were made for lease of property to HYPREP for two years, visit to impacted site and provision of technical support to HYPREP for one year, and
ii. The payments in (i) above did not pass through pre-payment audit, contrary to the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

i. Duplication of payment.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦268,523,350.00 (Two hundred and sixty eight million, five hundred and twenty three thousand, three hundred and fifty naira) paid without prepayment audit.
ii. Recover and remit the sum of ₦268,523,350.00 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 and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: NON-DEDUCTION OF STATUTORY TAXES (=₦32,869,752.50)

Description of Findings

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 ₦32,869,752.50 (Thirty two million, eight hundred and sixty nine thousand, seven hundred and fifty two naira, fifty kobo) on two contracts in respect of the provision of technical support to HYPREP and for new office rented by HYPREP at 8, Ken Saro Wiwa Road, Port Harcourt, were not deducted from payments, and
ii. No reason was provided to justify the non-deduction of the taxes in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Project Coordinator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,869,752.50 (Thirty two million, eight hundred and sixty nine thousand, seven hundred and fifty two naira, fifty kobo) being statutory taxes not deducted and remitted to the appropriate tax authorities.
ii. Remit to the Treasury, the sum of ₦32,869,752.50.
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.

ISSUE 8: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT APPROVAL OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦31,875,000.00)

Description of Findings
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 management of HYPREP engaged the services of law firms amounting to ₦31,875,000.00 (Thirty one million, eight hundred and seventy five thousand naira) 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 Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

i. Engagement of inexperienced/unqualified solicitors.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦31,875,000.00 (Thirty one million, eight hundred and seventy five thousand naira) paid for legal fees without the approval of the Honourable Attorney-General of the Federation.
ii. Recover and remit the sum of ₦31,875,000.00 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.

ISSUE 9: CRUDE OIL RECOVERY FROM REMEDIATION SITE

Description of Findings

Paragraph 415 of the Financial Regulations (FR), 2009 provides that 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 ₦472,135,916.64 (Four hundred and seventy two million, one hundred and thirty five thousand, nine hundred and sixteen naira, sixty four kobo) was paid for a contract awarded for the remediation of Hydrocarbon Impacted Sites at

Oboolo, Ogoni land (lot 002) Rivers State vide letter Ref No. HYPREP/PROC/CAP/2018/002/4 of 26/11/2018 with six (6) months completion period.

ii. From the contract in (i) above, over 30,000 litres (188.6 bbls) of crude oil was discovered from the site.

iii. The contractor recovered the crude oil at a purported cost of ₦45,000,000.00 (Forty five million naira), handed over to the pipeline owner, Nigeria Pipeline and Storage Company (NPSC) without documentary evidence.

iv. The Project also approved ₦15,000,000.00 (Fifteen million naira) to cover the cost of crude oil recovery and other additional works, out of the available contingency funds in the bill of quantity, and

v. During audit inspection, over 25 gallons of crude oil were found in some remediation sites.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risk

i. Diversion of crude oil.

ii. Possibility of further pollution.

Management's Response

No Response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator of HYPREP should be requested to:

i. Provide to the Public Accounts Committees of the National Assembly, documentary evidence of crude oil handed over to Nigeria Pipeline and Storage Company.

ii. Account to the Public Accounts Committees of the National Assembly, all crude oil recovered from remediation sites.

iii. Certify to the Public Accounts Committees of the National Assembly that the crude oil collected did not further pollute the sites already remediated, and

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

ISSUE 10: ADOPTION OF PROGRESSIVE SALARY SCALE FOR CONTRACT STAFF

Description of Findings

Paragraph 020708 of the Public Service Rules (PSR), 2008 states, "Under normal circumstances, no contract officer will be considered for promotion except where there is no suitable pensionable officer available or where he possesses ~n exceptional qualification and suitable experience. He could, however, be considered for an enhanced appointment during the renegotiation of his contract." Similarly, Clause 23(3) of HYPREP

Establishment Gazette states, "The remuneration of staff of the HYPREP shall be determined by the governing council in accordance with the rules of remuneration of public officers"

Audit observed that:

i. The Governing Council (GC) of HYPREP at its 12th meeting held on the 22nd and 23rd November, 2018, approved for the contract staff of HYPREP the adoption of CONRAISS (Consolidated Research and Allied Salary Structure) meant for workers in research and related institution across Nigeria.
ii. The approval in (i) above for Salaries of contract staff can only be negotiated in their contract agreements and the rates so agreed is fixed and not incremental, but the use of CONRAISS allows for progressive increase in salaries since it is graded from CONRAISS 1- 15.
iii. There was no basis for the placement of its entire contract staff on a progressive salary scale, and
iv. Members of staff enjoyed increase in salaries without providing any new terms of contract agreement, while violating the terms and spirit governing contract agreement as stated in paragraph 020708 of the Public Service Rules, 2008

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

i. Possible inappropriate salary due.
ii. Loss of government funds.

Management's Response

No Response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the placement of contract staff on progressive salary scale and the adoption of Consolidated Research and Allied Salary Structure.
ii. Refund the overpayment of salary paid to contract staff as a result of adopting Consolidated Research and Allied Salary Structure.
iii. Renegotiate the salary of contract staff in compliance with extant regulations, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 11: EXTRA BUDGETARY EXPENDITURE (=₦931,081,495.47)

Description of Findings

Section 80(3) of the Constitution of the Federal Republic of Nigeria, 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". 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 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 Office expended the sum of ₦222,199,719.00 (Two hundred and twenty two million, one hundred and ninety nine thousand, seven hundred and nineteen naira) and ₦708,881,776.47 (Seven hundred and eight million, eight hundred and eighty one thousand, seven hundred and seventy six naira, forty seven kobo) in 2017 and 2018 financial years respectively, and

ii. The expenditures in (i) were neither supported with an approved budget from the Governing Council, nor presented for scrutiny during audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

i. Misappropriation of funds.
ii. Misapplication of funds.
iii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the extra-budgetary spending of ₦931,081,495.47 (Nine hundred and thirty one million, eighty one thousand, four hundred and ninety five naira, forty seven kobo).
ii. Recover and remit the sum of ₦931,081,495.47 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 12: DUPLICATION OF SERVICES THROUGH AWARD OF CONTRACT (=₦182,721,000.00)

Description of Findings

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 Federal Ministry of Environment In 2017 deployed an Officer from the Federal Ministry of Communications to HYPREP to head the Communication Department.
ii. On 16th January, 2018, the Federal Ministry of Environment awarded a contract of consultancy services on public relations to a consultant at the sum of ₦182,721,000.00 (One hundred and eighty two million, seven hundred and twenty one thousand naira), and
iii. The award in (ii) above constituted a duplication of service in (i) above for which an Officer had earlier been deployed to handle.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦182,721,000.00 (One hundred and eighty two million, seven hundred and twenty one thousand naira) being payment for consultancy services on public relation despite having a substantive Officer responsible for same in the Office.
ii. Recover and remit to the Treasury, the sum of ₦182,721,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not done and irregular payment specified in paragraphs 3104(iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 13 DUPLICATION OF FUNCTIONS OF THE MONITORING AND EVALUATION (=₦507,299,000.00)

Description of Findings

Paragraph 415 of the Financial Regulations (FR), 2009 provides that "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. HYPREP engaged the services of a consultant for the purpose of Monitoring and Evaluation at the sum of ₦507,299,000.00 (Five hundred and seven million, two hundred and ninety nine thousand naira) in a contract awarded through Federal Ministry of Environment dated 16th January, 2018.
ii. Monitoring and Evaluation are usually in-house services, for this purpose, the project had deployed an Officer to head Monitoring and Evaluation since 2017.
iii. The due process in the procurement of the consultant and the basis for arriving at the contract sum was not made available for verification.
iv. Sampled job completion certificate issued by HYPREP did not have any input from the M&E consultant.
v. There was no monitoring mechanism develop by the consultant to monitor remediation activities and other mandates of HYPREP.
vi. The M&E web porter http://www.hypreme.org was observed not to be active, and
vii. From the terms of the contract, the consultant was expected to produce reports but such reports were not sighted in the contract file or made available to audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

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

Management's Response

No Response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦507,299,000.00 (Five hundred and seven million, two hundred and ninety nine thousand naira) being payment for monitoring and evaluation.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦507,299,000.00.
iii. Recover and remit to the Treasury, the sum of ₦507,299,000.00.
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.

ISSUE 14: IRREGULAR PAYMENT FOR ADVERTISEMENT WITHOUT EVIDENCE OF PERFORMANCE (=₦43,132,975.00)

Description of Findings

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 ₦43,132,975.00 (Forty three million, one hundred and thirty two thousand, nine hundred and seventy five naira) was paid for media coverage and advertisement, and
ii. The payment in (i) above was neither supported with relevant documents such as receipts, copies of newspaper adverts, certificate of transmission for live media coverage nor presented for audit to justify the payment.

The above anomalies could be attributed to weaknesses in the internal control system at the Hydrocarbon Pollution Remediation Project (HYPREP) Office.

Risks

i. Loss of government funds.
ii. Payment for job not executed.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum ₦43,132,975.00 (Forty three million, one hundred and thirty two thousand, nine hundred and seventy five naira) paid for advertisement without evidence of performance.
ii. Recover and remit to the Treasury, the sum of ₦43,132,975.00.

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 15: IRREGULAR STAY IN OFFICE BY AN OFFICER AFTER THE EXPIRATION OF THE SECONDMENT PERIOD

Description of Findings

Paragraph 020502 (iv) of the Public Service Rules, 2008 states, "Secondment of an officer to the service of another Government, or Approved Body or recognized International Organization at his own request shall be for a maximum period of two years in the first instance after which the officer must apply for extension, seek for transfer or return to his former post. All extensions must be approved by the appropriate Committees and the Federal Civil Service Commission. The total period of such secondment must not exceed four (4) years."

Audit observed that:

i. One Staff (Chief Admin Officer) was released on secondment to HYPREP via letter reverenced FMENV/ADM/604/11/72 dated 16th October, 2019 as Technical Assistant on Administration to the Project Coordinator.
ii. The Officer's period of secondment in first instance expired in October, 2021, after two years.
iii. There was no evidence of renewal for the second period of two years, and
iv. The Officer continued to work and received salary up to the period of the Audit in May, 2022, seven months after the expiration of the secondment.

The above anomalies may be attributed to weaknesses in the internal control system at the HYPREP.

Risks

i. Loss of public fund
ii. Abuse of public office

Management's Response

No Response was received from Management of the HYPREP.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Project Coordinator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregular stay in office by an Officer after the expiration of the period of secondment,
ii. Directed the Officer to return to his primary Office and produce evidence of compliance 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.

SECTION 3
EDUCATION RESEARCH INSTITUTIONS AUDIT DEPARTMENT

NATIONAL BUSINESS AND TECHNICAL EXAMINATIONS BOARD (NABTEB), BENIN, EDO STATE

At the National Business and Technical Examination Board, Benin, Edo State, for the period January to December, 2021 the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE TREASURY (=₦154,197,797.09)

Description of Findings

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 Board generated the sum of ₦1,141,710,737.07 (One billion, one hundred and forty one million, seven hundred and ten thousand, seven hundred and thirty seven naira, seven kobo) from sales of exams pin, certifications, etc.
ii. The sum of ₦285,427,684.27 (Two hundred and eighty five million, four hundred and twenty seven thousand, six hundred and eighty four naira, twenty seven kobo) being 25% of ₦1,141,710,737.07 was expected to be remitted.
iii. The Board remitted the sum of ₦131,229,887.18 (One hundred and thirty one million, two hundred and twenty nine thousand, eight hundred and eighty seven naira, eighteen kobo) to the Consolidated Revenue Fund (CRF) leaving a balance of ₦154,197,797.09 (One hundred and fifty four million, one hundred and ninety seven thousand, seven hundred and ninety seven naira, nine kobo), as unremitted revenue to the CRF, and
iv. There was no justification for not remitting the balance of ₦154,197,797.09 to the CRF.

The above anomalies could be attributed to weaknesses in the internal control at the National Business and Technical Examinations Board.

Risks

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

Management's Response

The Board had severally presented her position on the supposedly Internally Generated Revenues (IGR) and the position of the Board is consistent with global practice which recognized education (assessment and certification) at post basic good which should be financed fully or subsidized by government. The money received are fees though not

adequate to conduct examinations which the Board holds in trust for conducting examinations.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Registrar/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦154,197,797.09 (One hundred and fifty four million, one hundred and ninety seven thousand, seven hundred and ninety seven naira, nine kobo), being unremitted Internally Generated Revenue.
ii. Remit the sum of ₦154,197,797.09 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to failure to account for government revenue prescribed in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 2: PAYMENTS FOR EXAMINATIONS MONITORING EXERCISES WITHOUT REPORTS (=₦485,853,342.80)

Description of Findings

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. Fifteen (15) paid vouchers totalling ₦485,853,342.80 (Four hundred and eighty five million, eight hundred and fifty three thousand, three hundred and forty two naira, eighty kobo) were made for 2021 examination monitoring and evaluation activities, and
ii. Evidence of the monitoring exercise such as reports, scope of monitoring, etc. were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control at the National Business and Technical Examinations Board.

Risks

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

Management's Response
The Board is not unaware of the need to attach all relevant documents to payment vouchers before an authorization is given for any payment to be made. It suffices to state that at the end of each monitoring and station work exercise, the Board organizes debriefing exercise where each staff shares his/her experience in the field and thereafter report on the exercise are submitted for management decision.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Registrar/Chief Executive Officer should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦485,853,342.80 (Four hundred and eighty five million, eight hundred and fifty three thousand, three hundred and forty two naira, eighty kobo) paid without evidence of utilization.
ii. Recover and remit the sum of ₦485,853,342.80 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment stated in paragraph 3106 of the Financial Regulations, 2009 should apply.

NATIONAL OFFICE FOR TECHNOLOGY ACQUISITION AND PROMOTION (NOTAP) ABUJA

At the National Office for Technology Acquisition and Promotion (NOTAP) Abuja, for the period January to December, 2021, the following observations were made:

ISSUE 1: DIVERSION OF CONSTITUENCY EMPOWERMENT FUNDS FOR THE PURCHASE OF USED LUXURY VEHICLES (=₦30,000,000.00)

Description of Findings
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 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." 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 ₦30,000,000.00 (Thirty million naira) meant for empowerment at Ikono/Ini Federal Constituency of Akwa Ibom State was paid to a contractor for the supply of 13 (thirteen) used luxury vehicles (Toyota Highlander, Toyota Corolla and 11 Mazda 323F).
ii. The invoice submitted by the contractor for the payments was to the tune of ₦46,477,000.00 (Forty six million, four hundred and seventy seven thousand naira) leading to over invoicing of ₦16,477,000.00.
iii. Due process was not followed, as there were no quotations from at least three contractors as required by extant regulations.
iv. The used vehicles bought were not made available for physical inspection.
v. Receipts and acknowledgments by the beneficiaries were not attached to payment vouchers, neither were they presented for audit, and
vi. There was no evidence that the vehicles were taken on store ledger charge and no Store Received Vouchers (SRV) issued to authenticate the supplies, contrary to extant regulations.

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 goods not supplied.
ii. Diversion of public funds.

Management's Response

The vehicles were duly and properly procured by the Authority and all the information on the procurement, handover to the beneficiaries are available at our office for verifications.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General/CEO should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the over invoicing of ₦16,477,000.00 (Sixteen million, four hundred and seventy seven thousand naira).
ii. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦30,000,000.00 (Thirty million naira) paid for the purchase of used luxury vehicles.
iii. Recover and remit the sum of ₦30,000,000.00 to the Treasury, 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: PAYMENTS FOR GOODS NOT SUPPLIED (=₦102,998,175.38)

Description of Findings

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 Bill of Quantity (BOQ) of six (6) contracts awarded for the supply and installation of ICT equipment, empowerment items, rehabilitation of boreholes etc. amounted to ₦129,009,175.38 (One hundred and twenty nine million, nine thousand, one hundred and seventy five naira, thirty eight kobo).
ii. Out of the amount in (i) above, supplies and installation valued at ₦26,011,000.00 (Twenty six million, eleven thousand naira) were executed, leaving the value of ₦102,998,175.38 (One hundred and two million nine hundred and ninety eight thousand, one hundred and seventy five naira, thirty eight kobo) yet to be executed, and
iii. Physical inspection by audit showed that the six (6) contracts were not fully executed.

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

Risks

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

Management's Response

i. The items supplied by the Digital Lifestyle Ltd are being used at the Executive Order 05 Data Centre in the office; the ICT services project by Galaxy Backbone was for the Bandwidth (cloud technology and intangible.
ii. The items to be installed in the newly building at NOTAP Headquarters were not installed before the audit visits but now fully installed and visible for the audit to sight; while other projects are constituency/zonal intervention, the reports for the execution are also available in our office.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General/CEO should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payments for goods not supplied and job not executed.

ii. Account for the sum of ₦102,998,175.38 (One hundred and two million, nine hundred and ninety eight thousand, one hundred and seventy five naira, thirty eight kobo) being payments for goods not supplied.
iii. Recover and remit to the Treasury, the sum of ₦102,998,175.38, 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.

NATIONAL RESEARCH INSTITUTE FOR CHEMICAL TECHNOLOGY, ZARIA, KADUNA STATE

At the National Research Institute for Chemical Technology, Zaria, Kaduna State, for the period January to December, 2021, the following observations were made:

ISSUE 1: MISAPPLICATION OF ZONAL INTERVENTION CONSTITUENCY FUND (=₦57,394,396.28)

Description of Findings

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 Institute misapplied funds appropriated for the supply of 200 units of Bajaj Tricycles for Ikeja Federal Constituency vide ERGP 22583199 of 2020 Appropriation Act with appropriated sum of ₦180,400,000.00 (One hundred and eighty million, four hundred thousand naira) to the supply of Suzuki mini buses for Ojodu, Alausa, Oregun, Agidingbi and Omole wards of Ikeja Federal Constituency.
ii. The sum of ₦57,394,396.28 (Fifty seven million, three hundred and ninety four thousand, three hundred and ninety six naira, twenty eight kobo) was paid between March 2, 2021 and March 24, 2021 to three (3) contractors for the supply of Suzuki mini buses to the wards.
iii. There was no provision for the supply of Suzuki mini-buses in the 2020 Appropriation Act, and no evidence of virement approval from the authorities, and
iv. The expenditure was doubtful because there was no documentary evidence of quotations, invoices, as well as store receipts vouchers to back the payment.

The above anomalies could be attributed to weaknesses in the internal control system at the National Research Institute for Chemical Technology, Zaria, Kaduna State.

Risks

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General/CEO should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly the misapplication of funds without evidence of approval for virement.
ii. Account to the Public Accounts Committees of the National Assembly for the sum of ₦57,394,396.28 (Fifty seven million, three hundred and ninety four thousand, three hundred and ninety six naira, twenty eight kobo) paid without evidence of approval for virement.
iii. Recover and remit to the Treasury, the sum of ₦57,394,396.28.
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 (=₦65,467,500.00)

Description of Findings
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." 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." In addition, section 41 of the 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 2305 of the Financial Regulations (FR), 2009 states, "As much as it is practicable, goods must be purchased from reputable manufacturers or their accredited agents...." In addition, section 7(d) of the National Insurance Commission (NAICOM) Act, 1997 stipulates, "there must be adequate protection of strategic government assets and other properties."

Audit observed that:
i. The Institute procured two (2) Toyota Hilux for the Yobe North Senatorial District at the sum of ₦65,467,500.00 (Sixty five million, four hundred and sixty seven thousand, five hundred naira).

ii. There was no evidence of competitive bidding and no quotations sourced from at least three prospective suppliers as required by extant regulations.
iii. The contract was awarded to a contractor that was not an accredited dealer for Toyota motors in Nigeria, contrary to the provisions of extant regulations.
iv. The Institute denied itself and the users of the vehicles, the right to free servicing for three years or up to a maximum of 100,000 kilometers, whichever comes first, had the vehicle been purchased from a licensed Toyota dealer.
v. The receipt for the Toyota Hilux was not provided. Instead, the institute provided a Store Receipt Voucher (SRV) to support payment, and
vi. The vehicles were not made available for physical inspection.

These above anomalies could be attributed to weaknesses in the internal control system at the National Research Institute for Chemical Technology, Zaria, Kaduna State.

Risks
i. Loss of value for money.
ii. Waste of government funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General/CEO should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦65,467,500.00 (Sixty five million, four hundred and sixty seven thousand, five hundred naira) paid in circumvention of procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦65,467,500.00.
iii. Forward the 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 3: OVER-PAYMENT OF CONTRACT (=₦49,527,962.49)

Description of Findings
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 PPA, 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 ₦49,527,962.49 (Forty nine million, five hundred and twenty seven thousand, nine hundred and sixty two naira, forty nine kobo) was overpaid to contractors as a result of the Institute's practice of partial recovery of mobilization fee (piecemeal) through Interim Performance Certificates (IPC), and
ii. The sum of ₦30,610,308.96 (Thirty million, six hundred and ten thousand, three hundred and eight naira, ninety six Kobo) was overpaid in Capital Development Fund while the sum of ₦18,917,653.53 (Eighteen million, nine hundred and seventeen thousand, six hundred and fifty-three naira, fifty-three kobo) was overpaid in Zonal Intervention/Constituency Project Fund.

The above anomalies could be attributed to weaknesses in the internal control system at the National Research Institute for Chemical Technology, Zaria, Kaduna State.

Risks

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

Management' Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General/CEO is requested to:

i. Justify to the Public Accounts Committee of the National Assembly the payment of ₦49,527,962.49 (Forty nine million, five hundred and twenty seven thousand, nine hundred and sixty two naira, forty nine kobo) to contractors above the work done.
ii. Recover and remit to the Treasury, the sum of ₦49,527,962.49.
iii. Forward the evidence of remittance to the Public Accounts Committee 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 4: EXTRA-BUDGETARY EXPENDITURE (=₦57,652,432.07)

Description of Findings

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." Also, 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, 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. Three (3) payments amounting to ₦79,742,432.07 (Seventy nine million, seven hundred and forty two thousand, four hundred and thirty two naira, seven kobo) were made vide three paid vouchers in October and November, 2021 for innovation technologies for sustainable consumer and healthcare products as youth empowerment in the six (6) geopolitical zones of Nigeria (Training of 200 youths), and executed through an in-house Microfinance Bank, and
ii. Out of the amount in (i) above, the sum of ₦22,394,524.00 (Twenty two million, three hundred and ninety four thousand, five hundred and twenty four naira) was appropriated for the programme, leaving the sum of ₦57,652,432.07 (Fifty seven million, six hundred and fifty two thousand, four hundred and thirty two naira, seven kobo) as extra budgetary spending.

The above anomalies could be attributed to weaknesses in the internal control system at the National Research Institute for Chemical Technology, Zaria Kaduna State.

Risks

i. Misappropriation of public funds.
ii. Misapplication of funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General/CEO is requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦57,652,432.07 (Fifty seven million, six hundred and fifty two thousand, four hundred and thirty two naira, seven kobo) being extra-budgetary expenditure without approval.
ii. Recover and remit to the Treasury, the sum of ₦57,652,432.07.
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 4
EXTRA-MINISTERIAL AUDIT DEPARTMENT

NATIONAL CENTRE FOR WOMEN DEVELOPMENT (NCWD)

At National Centre for Women Development (NCWD), Abuja for the period January to December, 2021, the following observations were made:

ISSUE1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2019 TO 2021)

Description of Findings

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 Centre for Women Development failed to submit its audited financial statements for 2019, 2020, and 2021 financial years to the Auditor-General for the Federation.
ii. The last set of audited financial statements submitted to the Auditor-General for the Federation were for the financial years 2014 – 2018, and
iii. The above practice contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Women Development (NCWD), Abuja.

Risks

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

Management's Response

The management of the NCWD is making concerted efforts to get the 2019 to 2021 audited Financial Statements completed in good time for submission/compliance. This has not been submitted as at the time of compiling this report for the Public Account Committee of NASS.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Submit the audited financial statements for the years 2019 to 2021 to the 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-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE TREASURY (=₦20,399,115.25)

Description of Findings

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 ₦81,596,461.00 (Eighty one million, five hundred and ninety six thousand, four hundred and sixty one naira) was the total revenue generated internally by the Centre for the year 2021, and
ii. The Centre failed to remit the sum of ₦20,399,115.25 (Twenty million, three hundred and ninety nine thousand, one hundred and fifteen naira, twenty five kobo), being 25% of the total Internally Generated Revenue (IGR), into the Consolidated Revenue Fund (CRF) as at the time of concluding the audit exercise.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Women Development (NCWD), Abuja.

Risks

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

Management's Response

The inability to remit the 25% of IGR as at when due was due to overwhelming expenditures and outstanding debt settlements of the Centre in the year 2021 among others was not satisfactory.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Remit the sum of ₦20,399,115.25 (Twenty million, three hundred and ninety nine thousand, one hundred and fifteen naira, twenty five kobo) being 25% of IGR for the year 2021 into Consolidated Revenue Fund (CRF)
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 3: NON-REMITTANCE OF INDEPENDENT REVENUE TO THE TREASURY (=₦36,964,161.00)

Description of Findings

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 ₦66,287,897.25 (Sixty six million, two hundred and eighty seven thousand, eight hundred and ninety seven naira, twenty five kobo) was receipted as Internally Generated Revenues from various sources in the year 2021.
ii. The figure in (i) is made up of revenue generated from hostel accommodation amounting to ₦17,954,236.25 and the sum of ₦48,333,661.00 generated from guest house in 2021. These are independent revenues that should have been be remitted 100% to the Treasury, and
iii. Out of a total of ₦66,287,897.25 generated, the sum of ₦29,323,736.20 (Twenty nine million, three hundred and twenty three thousand, seven hundred and thirty six naira, twenty kobo) was acknowledged and certified paid into the Centre's CBN/TSA revenue bank account, leaving an /unremitted balance of ₦36,964,161.00 (Thirty six million, nine hundred and sixty four thousand, one hundred and sixty one naira).

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Women Development (NCWD), Abuja.

Risks

i. Loss of government revenue
ii. Misappropriation of government revenue.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the non-remittance of independent revenues from the hostel accommodation and guest house amounting to ₦36,964,161.00 (Thirty six million, nine hundred and sixty four thousand, one hundred and sixty one naira)
ii. Remit the sum of ₦36,964,161.00 into the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly; and

iv. Otherwise, sanctions relating to failure to account for Government Revenue specified in paragraph 3112 (ii) of the Financial Regulations, 2009 should apply.

ISSUE 4: IRREGULAR PAYMENT OF SALARY TO FORMER DIRECTOR-GENERAL AFTER HER DISENGAGEMENT FROM SERVICE (=₦2,171,766.44)

Description of Findings

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."

Audit observed that:

i. The tenure of the former Director-General of the Centre, who was appointment on the 10th April, 2017 ended on the 9th April, 2021 after the completion of her four (4) years tenure.
ii. Another substantive Director-General who was appointed vide SGF Circular Ref. No.SGF.51/S.4/IV/766 dated 15th February, 2021 assumed duty on 10th April, 2021.
iii. The Integrated Personnel and Payroll Information System (IPPIS) payment report revealed that the retired Director-General was retained on the payroll and received the net sum of ₦2,171,766.44 (Two million one hundred and seventy one thousand, seven hundred and sixty six naira, forty four kobo) as salary and allowances for three (3) months after her disengagement. That is, she was paid the net sum of ₦563,050.56 for 21 days in April, 2021 and ₦804,357.94 each in May and June 2021, respectively, and
iv. The overpaid sum of ₦2,171,766.44 have not been recovered from the former Director General of the Centre as at the time of concluding the audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Women Development (NCWD), Abuja.

Risks

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

Management's Response

The Center, just like most agencies of the Government is responsible for the preparation of its personnel cost budget but not responsible for its implementation. The payment of salaries is done through the Integrated Public Personnel Information System (IPPIS) under the Office of the Accountant General of the Federation.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregular payment of ₦2,171,766.44 (Two million one hundred and seventy one thousand, seven hundred and sixty six naira, forty four kobo) as salary to a disengaged Director-General.
ii. Recover from the disengaged Director-General, the sum of ₦2,171,766.44 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: PAYMENT OF SALARY TO DECEASED WORKERS HAVE (=₦2,442,405.18)

Description of Findings

Paragraph 3110 of the Financial Regulations (FR), 2009 states, "A public officer who authorizes the payment of public fund to ghost-workers and or knowingly processes such payment, shall be charged for gross misconduct, removed from the schedule and reported to the Economic and Financial Crimes Commission for prosecution."

Audit observed that:

i. Two (2) staff of the Centre who died in active service were paid the net sum of ₦2,442,405.18 (Two million, four hundred and forty two thousand, four hundred and five naira, eighteen kobo), as salaries for months after their demise.
ii. The first officer who died on 12th September 2019 was paid salary till 31st May, 2021. The total net overpayments extracted from the GIFMIS payment reports amounted to ₦566,486.48 (Five hundred and sixty six naira, four hundred and eighty six thousand, forty eight kobo), and.
iii. The second officer who died on 14th July 2020 was paid salary till 31st May, 2021. The total net overpayments extracted from the GIFMIS payment reports amounted to ₦1,875,918.70 (One million, eight hundred and seventy five thousand, nine hundred and eighteen naira, seventy kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Women Development (NCWD), Abuja.

Risks

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

Management Response

The matter was reported to the Accountant-General of the Federation immediately it was discovered for stoppage and removal of the staff name on the Centre's payroll.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Provide evidence to the Public Accounts Committees of the National Assembly, that the Accountant-General of the Federation was informed immediately after the death of these officers for their names to be removed from the pay roll.
ii. Refund and remit to the Treasury, the sum of ₦2,442,405.18 (Two million, four hundred and forty two thousand, four hundred and five naira, eighteen kobo), paid to dead workers.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to prosecution by the EFCC specified in paragraph 3110 of the Financial Regulations, 2009 should apply.

ISSUE 6: INSERTION OF GHOST WORKERS INTO THE PAYROLL OF NCWD (=₦403,779.50)

Description of Findings
Paragraph 3110 of the Financial Regulations (FR), 2009 states, "A public officer who authorizes the payment of public fund to ghost-workers and or knowingly processes such payment, shall be charged for gross misconduct, removed from the schedule and reported to the Economic and Financial Crimes Commission for prosecution."

Audit observed that:
i. An unidentified name was inserted into the Centre GIFMIS pay roll and was paid the sum of ₦403,779.50 (Four hundred and three thousand, seven hundred and seventy nine naira, fifty kobo) as salary for five (5) consecutive months, from January to May, 2021, and
ii. The person was neither a staff of NCWD nor was her name appear on the nominal roll of the Centre.

The above anomalies could be attributed to weaknesses in the internal control system at the National Centre for Women Development (NCWD), Abuja.

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

Management Response
The matter was reported to the Accountant-General of the Federation immediately it was discovered for stoppage and removal of the staff name on the Centre's payroll.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:

i. Provide evidence to the Public Accounts Committees of the National Assembly, that the Accountant-General of the Federation was informed immediately after the ghost worker was discovered.
ii. Recover and remit to the Treasury, the sum of ₦403,779.50 (Four hundred and three thousand, seven hundred and seventy nine naira, fifty kobo), paid to the ghost worker;
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and
iv. Otherwise, sanctions relating to prosecution by the EFCC specified in paragraph 3110 of the Financial Regulations, 2009 should apply.

NIGERIA ELECTRICITY LIABILITY MANAGEMENT LTD.

At the Nigeria Electricity Liability Management Ltd for the period, January to December, 2021, the following observations were made:

ISSUE 1:CIRCUMVENTION OF PROCUREMENTS PROCESS (=₦5,853,700.00)

Description of Findings
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 ₦5,853,700.00 (Five million, eight hundred and fifty three thousand, seven hundred naira) was paid as cash advances to some staff of the Company between September and December, 2021 for the procurement of goods and services such as repairs of office furniture, office building maintenance, evacuation of sewage, printing and bidding of official documents.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures.

iii. Receipts attached to the vouchers showed that the services were rendered indirectly by third parties that should have been engaged directly by the company through proper award of contracts, and
iv. The action of the Company had resulted in the loss of ₦79,024.95 (Seventy nine thousand, twenty four naira, ninety five kobo) that would have accrued to the government through Withholding and Value Added Taxes.

The above anomalies could be attributed to weaknesses in the internal control system at Nigeria Electricity Management Ltd./GTE.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the issue remain valid until the Management implements the recommendations

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦5,853,700.00 (Five million, eight hundred and fifty three thousand, seven hundred naira) to staff of the Company as cash advance above the approved threshold.
ii. Recover and remit the sum ₦5,853,700.00 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 and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: UNRETIRED CASH ADVANCES (=₦9,390,987.28)

Description of Findings
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) payments amounting to ₦9,390,987.28 (Nine million, three hundred and ninety thousand, nine hundred and eighty seven naira, twenty eight kobo) were made as cash advances to a staff of the Company vide paid voucher numbers

RPMT/2756, RPMT/2757 and RPMT/2759 all dated 6th May, 2021 in respect of a property at 1st Floor Right, United House Mayflower Street, London SE 16 4JL & 1st Floor Left United House, Mayflower Street, London, and

ii. Further details such as evidence of utilising the advances for the purposes they were granted as well as retirement particulars were not provided.

The above anomalies could be attributed to weaknesses in the internal control system at Nigeria Electricity Management Ltd./GTE.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the issue remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-retirement of cash advances totalling ₦9,390,987.28 (Nine million, three hundred and ninety thousand, nine hundred and eighty seven naira, twenty eight kobo);
ii. Recover and remit the sum of ₦9,390,987.28 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.

NIGERIAN RAILWAY CORPORATION, LAGOS

During the periodic checks of the Nigerian Railway Corporation (NRC), Lagos, for the period January to December, 2020, the following observations were made:

ISSUE 1: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦94,206,427.09)

Description of Findings

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 ₦94,206,427.09 (Ninety four million, two hundred and six thousand, four hundred and twenty seven naira, nine kobo) was paid through three (3) paid vouchers for the rehabilitation of bridges, purchase of diesel, and supply of timber, and
ii. Evidence of work done by these contractors such as certificate of job completion, interim payment certificates (IPCs) and Store Receipt Vouchers (SRVs) for items procured were not attached to the payment records. These documents were not produced for audit confirmation despite repeated demands.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦94,206,427.09 (Ninety four million, two hundred and six thousand, four hundred and twenty seven naira, nine kobo) paid without relevant supporting documents;
ii. Recover and remit to the Treasury, the sum of ₦94,206,427.09.
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: UNSUBSTANTIATED PAYMENT FOR TRAINING (=₦12,750,000.00)

Description of Findings

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 Corporation paid the sum of ₦12,750,000.00 (Twelve million, seven hundred and fifty thousand naira) for staff training vide paid vouchers 171/03 (37171) and 167/03 (37167) of 26th March, 2020 and 25th March, 2020, respectively.
ii. Contrary to the sum of ₦12,750,000.00 (Twelve million, seven hundred and fifty thousand naira) paid as training cost in (i) above, the Corporation disclosed the sum of ₦9,720,053.00 (Nine million, seven hundred and twenty thousand, fifty three naira) on page 39 of 2020 Financial Statement as cost of staff training, and
iii. The training expenditures were not supported with valid documentary evidence such as list of participants, attendance register, training time table, training reports etc in contravention of the provisions of the Circular under reference.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦12,750,000.00 (Twelve million, seven hundred and fifty thousand naira) for training without evidence of execution.
ii. Recover and remit the sum of ₦12,750,000.00 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.

ISSUE 3: STORE ITEMS NOT TAKEN ON STORE LEDGER CHARGE (=₦125,164,787.55)

Description of Findings

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 Regulation, 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 ₦125,164,787.55 (One hundred and twenty five million, one hundred and sixty four thousand, seven hundred and eighty seven naira, fifty five kobo) was paid for the procurement of store items by the Corporation.
ii. There was no evidence that the items were taken on store ledger charge as the Store Receipt Vouchers were neither attached to the paid vouchers nor presented for confirmation, and
iii. Evidence of distribution of the items to the beneficiaries was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Account for the sum of ₦125,164,787.55 (One hundred and twenty five million, one hundred and sixty four thousand, seven hundred and eighty seven naira, fifty five kobo), being payment made for stores without documentation.
ii. Recover and remit to the Treasury, the sum of ₦125,164,787.55.
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, 2009 respectively, should apply.

ISSUE 4: NON-DEDUCTION OF STATUTORY TAXES (=₦25,183,625.49)

Description of Findings

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 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 same time the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦186,545,374.00 (One hundred and eighty six million, five hundred and forty five thousand, three hundred and seventy four naira) was paid through voucher No. 1964/11/2020 of 30th November, 2020 to a sub-contractor based on the meeting held on 29th January, 2019 between the main contractor and the Corporation where it was agreed that the amount be paid to the sub-contractor from the contract sum due to the main contractor.
ii. The Interim Payment Certificate for the payment in (i) above was not attached to the paid voucher, and
iii. The Corporation failed to deduct and remit Withholding Tax (WHT), Value Added Tax (VAT) and Stamp Duty totaling ₦25,183,625.49 (Twenty five million, one hundred and eighty three thousand, six hundred and twenty five naira, forty nine kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦25,183,625.49 (Twenty five million, one hundred and eighty three thousand, six hundred and twenty five naira, forty nine kobo) not deducted as statutory taxes from payment to the sub-contractor.
ii. Refund and remit to the Treasury, the sum of ₦25,183,625.49.

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 prescribed in paragraph 3112 of the Financial Regulations (FR), 2009 should apply.

ISSUE 5: IRREGULAR EXECUTION OF CONTRACT AND PAYMENTS (=₦61,123,882.50)

Description of Findings

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. Contract valued at ₦61,123,882.50 (Sixty one million, one hundred and twenty three thousand, eight hundred and eighty two naira, fifty kobo) was awarded for the rehabilitation of Bad Roads, Railway Compound of about 750m Length at Oke-Ira Road, Ebute Metta, Lagos through a letter of award with reference number NRC.43B/2020/8 of 4th November, 2020.
ii. The site was handed over to the contractor on the 15th December, 2020 while the Job Completion Certificate was also issued on the same 15th December, 2020.
iii. The Job Completion Certificate in (ii) above dated 15th December, 2020, indicated that the job was completed on the 11th December, 2020. That is, four (4) days before the site was handed over to the contractor, and
iv. The contractor was paid through voucher number 1907/11/2020 dated 11th November, 2020 for ₦9,168,582.38 and voucher number 1925/11/2020 dated 27th November, 2020 for ₦29,785,691.25.
v. The payment dates in (iv) above showed that the contractor was paid before the site was handed over to him on 15th December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦61,123,882.50 (Sixty one million, one hundred and twenty three thousand, eight hundred and eighty two naira, fifty kobo), being the value of irregular contract awarded.
ii. Recover and remit to the Treasury, the sum of ₦61,123,882.50.
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, 2009 respectively, should apply.

ISSUE 6: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦158,190,800.88)

Description of Findings

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…" 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 Corporation made seven (7) payments totalling ₦158,190,800.88 (One hundred and fifty eight million, one hundred and ninety thousand, eight hundred naira, eighty eight kobo) in December 2020, without pre-payment audit.
ii. No justification was provided for not subjecting the paid vouchers to pre-payment audit as required by extant regulations, and
iii. Evidence of compliance with due procurement process such as invitation for tender, financial and technical bids, bid evaluation reports, minutes of tenders board etc. were not provided for examination.

The above anomalies could be attributed to weaknesses in the internal control system at Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

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 ₦158,190,800.88 (One hundred and fifty eight million, one hundred and ninety thousand, eight hundred naira, eighty eight kobo) paid without pre-payment audit.
iii. Provide to the Public Accounts Committees of the National Assembly, evidence of compliance with procurement due process in the award of the contracts.
iv. Recover and remit the sum of ₦158,190,800.88 to the Treasury.
v. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
vi. 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, 2009 respectively, should apply.

ISSUE 7: OVERPAYMENT TO CONTRACTOR (=₦25,629,718.62)

Description of Findings

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 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. Contract for dismantling, re-connection of bogies and movement/transportation of two DMU motor car locomotives and 8 coaches from Itori, Ogun State to Idu Station, Abuja was awarded at the cost of N146,475,000.00 (One hundred and forty six million, four hundred and seventy five thousand naira).
ii. The contract was fully paid for through payment voucher number 1904/9/2020 dated 11th September, 2020 for ₦117,180,000.00 and payment voucher number 5101/11/2020 dated 11th November, 2020 for ₦29,295,000.00.
iii. The payments in (ii) above were contained in the GIFMIS payment report of 15th September, 2020 and 18th November, 2020, respectively.
iv. The GIFMIS payment report showed that additional sum of ₦25,629,718.62 (Twenty five million, six hundred and twenty nine thousand, seven hundred and eighteen naira, sixty two kobo) was paid to the contractor on 25th November, 2020 without any evidence of approval for variation of the contract price or approved additional work done.
v. The total payment made on the contract was ₦172,104,718.62 as against the sum of ₦146,475,000.00 leading to an over payment of ₦25,629,718.62 (Twenty five million, six hundred and twenty nine thousand, seven hundred and eighteen naira, sixty two kobo), and

vi. The payment voucher for the sum of ₦25,629,718.62 (Twenty five million, six hundred and twenty nine thousand, seven hundred and eighteen naira, sixty two kobo) was not produce for audit examination.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Railway Corporation (NRC), Lagos.

Risk

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of the sum of ₦25,629,718.62 (Twenty five million, six hundred and twenty nine thousand, seven hundred and eighteen naira, sixty two kobo) without justification.
ii. Recover and remit to the Treasury, the sum of ₦25,629,718.62.
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 8: PAYMENTS WITHOUT POWER OF ATTORNEY (=₦362,779,425.00)

Description of Findings

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 Corporation diverted contract payments totalling ₦362,779,425.00 (Three hundred and sixty two million, seven hundred and seventy nine thousand, four hundred and twenty five naira) meant for fifteen (15) contractors to other beneficiaries, and

ii. Justifications for these diversions such as evidence of the execution of Power of Attorney between the contractors and payees to whom payments were made were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Railway Corporation (NRC), Lagos.

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.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦362,779,425.00 (Three hundred and sixty two million, seven hundred and seventy nine thousand, four hundred and twenty five naira) to beneficiaries other than the main contractors without Power of Attorney.
ii. Recover and remit to the Treasury, the sum of ₦362,779,425.00.
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 manage public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

NIGERIAN BULK ELECTRICITY TRADING PLC (NBET)

At the Nigerian Bulk Electricity Trading Plc (NBET) for the period January to December, 2020, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2017 TO 2020)

Description of Findings

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 Plc failed to submit its audited financial statements for the years 2017 to 2020 to the Auditor-General for the Federation, and
ii. The practice in (i) above contravened extant regulations on timeline for the submission of audited financial statements to the Auditor General for the Federation.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of the Audited Financial Statements for years 2017 to 2020 to the Auditor-General for the Federation.
ii. Submit the Audited Financial Statements, in respect of 2017 to 2020 to the Office of Auditor-General for the Federation and 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: ILLEGAL POSSESSION OF GOVERNMENT MOTOR VEHICLES (=₦63,616,700.50)

Description of Findings

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 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 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. Four (4) motor vehicles originally purchased at the cost of ₦126,163,516.21 (One hundred and twenty six million, one hundred and sixty three thousand, five hundred and sixteen naira, twenty one kobo) and with Carrying Amount (Net Book Value) of ₦63,616,700.56 (Sixty three million, six hundred and sixteen thousand, seven hundred naira, fifty six kobo) as shown in the Table below, were taken away by two (2) former Managing Directors of NBET after the expiration of their tenure.

S/N	REG. No.	DESCRIPTION	VEHICLE COST(₦)	NBV AS AT THE TIME OF TAKING OVER THE VEHICLES(₦)
1.	KWL 385 GN	Toyota Prado Jeep	34,177,500.00	3,560,156.25
2.	RBC 827 DV	BMW 530i	48,972,000.00	39,789,750.00
3.	ABJ 05 CH	Toyota Land Cruiser	22,747,221.80	7,945,377.92
4.	BWR 26 NU	Honda Accord	20,266,794.41	12,321,416.39
		TOTAL	**126,163,516.21**	**63,616,700.56**

ii. Justifications were not provided for not returning the vehicles to the pool of NBET, and

iii. The actions of the former Managing Directors were in contravention of the provision of extant regulations.

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

Risks

i. Loss of public assets.

ii. Diversion of government assets to personal use.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the illegal possession of government vehicles originally purchased at the cost of ₦126,163,516.21 (One hundred and twenty six million, one hundred and sixty three thousand, five hundred and sixteen naira, twenty one kobo) and with Carrying Amount (Net Book Value) of ₦63,616,700.56 (Sixty three million, six hundred and

sixteen thousand, seven hundred naira, fifty six kobo) by the former Managing Directors;
ii. Recover and remit to the Treasury, the sum of ₦63,616,700.56.
iii. Forward evidence of remittances 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: IRREGULAR PAYMENT FOR MANAGEMENT MEETINGS OUTSIDE GOVERNMENT FACILITIES (=₦5,824,250.00)

Description of Findings

Establishment Circular with Ref. No. SGF/OP/I/S.3/XII/1023 dated 9th August 2017 states "…Having established that there are meeting facilities of various sizes in Government Offices across the country, all MDAs are hereby directed to use only these facilities for their meetings…"

Audit observed that:
i. The sum of ₦5,824,250.00 (Five million, eight hundred and twenty four thousand, two hundred and fifty naira) was paid to two (2) vendors vide seven (7) vouchers for the reservations of meeting venues and halls, and
iii. The payments in (i) above were made contrary to the provisions of extant regulations.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,824,250.00 (Five million, eight hundred and twenty four thousand, two hundred and fifty naira), irregularly paid for management meetings outside government facilities.
ii. Refund and remit the sum of ₦5,824,250.00 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 4: PAYMENT FOR STORE ITEMS UNACCOUNTED FOR (=₦6,734,660.00)

Description of Findings

Paragraph 2415 of the Financial Regulations (FR), 2009 states, "All issues of stores shall be supported by a Stores Issue Voucher in the prescribed form which shall be prepared in ink or ball pointed pen. Each line on the voucher must be utilised until the requisition is completely entered and there shall not be any blank spaces between items. All amounts shall appear in words as well as figures except where alternative safeguards against fraudulent additions have been specifically approved…." Furthermore, 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. The sum of ₦6,734,660.00 (Six million, seven hundred and thirty four thousand, six hundred and sixty naira) was paid to a contractor between February and May 2020 vide four (4) paid vouchers for the supply of Mac Book Pro (Laptop), Dell laptop, Iphone X, HP Printer (MFP M4477FDW), mini fridge, Iphone 11pro, MacBook Pro 13, Apple Iphone 11 pro, Thermocool Fridge 120L etc.
ii. Documentary evidence of authorization to issue the item from the store such as Store Issued Vouchers (SIV) was not provided,
iii. The item was not recorded in the Assets Register of the company, and
iv. The company failed to provide the identity or particulars of the person/officer to whom the store items were issued.

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

Risks

i. Loss of public funds.
ii. Payment for goods not supplied.
iii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,734,660.00 (Six million, seven hundred and thirty four thousand, six hundred and sixty naira), being payment for store items unaccounted for.
ii. Recover and remit to the Treasury, the sum of ₦6,734,660.00.
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 5: CONTRACT AWARD FOR RECRUITMENT WITHOUT DUE PROCESS AND RELEVANT SUPPORTING DOCUMENTS (=₦22,200,000.00)

Description of Findings

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 Service 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. The sum of ₦22,200,000.00 (Twenty two million, two hundred thousand naira) representing 65% of the contract sum, was paid to a consultant for the recruitment of some professionals vide paid voucher reference number NBET/GIFMIS/0592 of 22nd July, 2020.

ii. There was no evidence to show that the consultant was registered with the Corporate Affairs Commission (CAC), implying that the consultant was not competent to execute such contract.
iii. List of applicants for the vacant positions and list of short-listed candidates were not made available.
iv. Report of the need assessment was not made available.
v. No evidence to show that the recruitment was backed by necessary approvals from relevant authorities such as the Head of Civil Service of the Federation, the Federal Character Commission etc, and
vi. Detailed reports (Interim and Final) on the recruitment exercise submitted by the consultant were not provided.

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

Risks
i. Payment for job not executed
ii. Diversion of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦22,200,000.00 (Twenty two million, two hundred thousand naira) paid for recruitment exercise which did not follow due process.
ii. Recover and remit to the Treasury the sum of ₦22,200,000.00.
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.

ISSUE 6: AWARD OF CONTRACTS TO INELIGIBLE CONTRACTORS (=₦193,748,716.02)

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 the Auditor-General upon request. Where donor funds have been used for the procurement, donor officials shall have access on request to procurement files and records for audit review."

Audit observed that:

i. The sum of ₦193,748,716.02 (One hundred and ninety three million, seven hundred and forty eight thousand, seven hundred and sixteen naira, two kobo) was paid to six (6) contractors, between February and June, 2020 vide ten (10) paid vouchers, for various supplies and services.
ii. Bids submitted by the contractor alongside other basic requirements such as PENCOM Compliance Certificate, Industrial Training Fund Certificate, Nigeria Social Insurance Trust Fund (NSITF) Certificate, FIRS Tax Clearance Certificate, Bureau of Public Enterprises Compliance Certificate etc were not provided for audit confirmation, and
iii. Other relevant documents such as evidence of 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 Nigerian Bulk Electricity Trading Plc., Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦193,748,716.02 (One hundred and ninety three million, seven hundred and forty eight thousand, seven hundred and sixteen naira, two kobo) paid to contractors for the procurement of good and services without complying with due process.
ii. Recover and remit to the Treasury the sum of ₦193,748,716.02.
iii. Forward evidence of remittances to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 7: PAYMENT WITHOUT EVIDENCE OF UTILISATION (=₦10,400,000.00)

Description of Findings

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 ₦10,400,000.00 (Ten million, four hundred thousand naira) representing 65% of the contract sum, was paid to a consultant vide paid voucher number NBET/GIFMIS/0592 dated 22nd July, 2020 for the review of the Human Resources Policy Manual of NBET Plc.
ii. The objective of the contract was to review the existing Human Resources (HR) Policy Manual in line with NBET corporate goals and develop an updated version, factoring in international best practices.
iii. A memo from Human Resources dated 16th April, 2020, stated that the consultant had achieved 95% of the deliverables.
iv. The breakdown of contract price of ₦10,400,000.00 was not made available for audit evaluation.
v. Comprehensive performance evaluation report, situation assessment and draft updated HR report was not provided, and
vi. No evidence of work done by the consultant was provided to support the claimed 95% milestone to back the payment.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the payment of the sum of ₦10,400,000.00 (Ten million, four hundred thousand naira) without evidence of work done.
ii. Recover and remit to Treasury, the sum of ₦10,400,000.00.
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 and failure to spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 8: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦44,386,781.39)

Description of Findings

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. Seventeen (17) payments amounting to ₦44,386,781.39 (Forty four million, three hundred and eighty six thousand, seven hundred and eighty one naira, thirty nine kobo) were made to some officers and contractors for the purchase of various store items.
ii. The items purchased were not taken on ledger charge as required by extant regulations, and
iii. The Store Unit did not maintain an up-to-date Store Ledger as required by the financial regulations.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦44,386,781.39 (Forty four million, three hundred and eighty six thousand, seven hundred and eighty one naira, thirty nine kobo) for items purchased but not taken on store ledger charge.

ii. Recover and remit the sum of ₦44,386,781.39 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 9: UNCOLLECTED OUTSTANDING RECEIVABLES/DEBTORS (=₦30,000,000,000.00)

Description of Findings

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. NBET was owed by the Market Operators (MO) the sum of ₦17,000,000,000.00 (Seventeen billion naira) and ₦13,000,000,000.00 (Thirteen billion naira) in 2015 and 2016 respectively, bringing it to a total of ₦30,000,000,000.00.
ii. Minutes of NBET Board of Audit and Risk Committee's meeting dated 14th July, 2020 showed that little or nothing has been recovered from the huge outstanding amount.
iii. The company failed to provide clarification and efforts made to ensure the recovery of this huge amount, and
iv. Schedule and age analysis of the outstanding amount were not made available for audit.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the efforts of the Management to recover the sum of ₦30,000,000,000.00 (Thirty billion naira) being outstanding revenue due to NBET.
ii. Recover and remit to the Treasury, the sum of ₦30,000,000,000.00.

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.

ISSUE 10: SHORT FALL IN 1% NBET INCOME FROM INSTITUTIONAL CHARGES (=₦549,089,172.70)

Description of Findings

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 total amount remitted to NBET by Market Operators (MO) in 2020 amounted to ₦506,851,543.54.
ii. Minutes of the meeting of NBET's Board held on the 22nd June, 2020 revealed that the total remittances made by the Market Operators was less than 0.48%, which is at variance with the prescribed 1% remittance expected from the Market Operator, and
iii. The outstanding 0.52% of the expected totalling ₦549,089,172.70 (Five hundred and forty nine million, eighty nine thousand, one hundred and seventy two naira, seventy kobo) was the shortfall of revenue from the market operator for the year 2020.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦549,089,172.70 (Five hundred and forty nine million, eighty nine thousand, one hundred and seventy two naira, seventy kobo), being the shortfall in revenue for the year 2020 and the efforts of the management to recover the funds.
ii. Recover and remit to the Treasury, the sum of ₦549,089,172.70.

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 11: PAYMENT FOR ELECTRICITY NOT DELIVERED TO THE GRID BY POWER GENERATING COMPANIES (OVER ₦100b ANNUALLY)

Description of Findings

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 from Minutes of the Board of Directors of NBET dated 17th September, 2020 that:

i. Over ₦100,000,000,000.00 (One hundred billion naira) was paid annually to Power Generating Companies (GENCOs) based on invoices submitted and vetted by NBET, through capacity declared and energy supplied per megawatt alongside other items and various percentages applied in different periods depending on the availability of funds to settle respective claims by each GENCO.
ii. The figure in (i) above represents the amount spent annually as cost of contracting electricity not delivered to Nigerians and the cost of undelivered capacity. That is the capacity that is not dispatched or utilised by Power Plants that have undelivered capacity.
iii. Out of the ₦701,000,000,000.00 Payment Assurance Facility (PAF), over ₦100,000,000,000.00 was used to pay for undelivered capacity, and
iv. No Justification was provided for the payment for undelivered/unutilised capacity.

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

Risks

i. Manipulation of invoices claimed.
ii. Over-invoicing settlement.
iii. Loss of Public Funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the payment of over ₦100,000,000,000.00 (One hundred billion naira), being irregular payment for undelivered power capacity to the GENCOS, annually.
ii. Recover the sum of over ₦100,000,000,000.00 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 specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 12: SUPPLY OF ELECTRICITY TO FOREIGN FIRMS WITHOUT REVENUE TO NBET (₦26,871,915,000.00)

Description of Findings

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 Communate Electrique 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 from Minutes of meetings of the Board of Directors of NBET dated 22nd June, 2020 and 17th September, 2020 that:

i. The value of electricity supplied to two (2) foreign firms, Communate Electrique Du Benin (CEB) and Societe Nigerienne D'Electricite (NIGELEC), amounted to ₦26,871,915,000.00 (Twenty six billion, eight hundred and seventy one million, nine hundred and fifteen thousand naira) in the year 2016.
ii. Management of NBET pointed out that contrary to the presidential directive that NBET should take over the administration of the power sale to the NIGERLEC of the Niger Republic and the CEB of the Benin Republic/Togo, the scenario that played out made the directive ineffective, and
iii. The scenario referred to in (ii) above which made it impracticable for NBET to carry out presidential directive and collect revenue accruable from energy supplied to these companies was not explained.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦26,871,915,000.00 (Twenty six billion, eight hundred and seventy one million, nine hundred and fifteen thousand naira) and all accrued interests, being the value of power supplied to Communate Electrique Du Benin (CEB) and Societe Nigerienne D'Electricite (NIGELEC) without collecting accruable revenue.
ii. Recover and remit the sum of ₦26,871,915,000.00 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 13: PAYMENT BELOW THE NIGERIAN ELECTRICITY REGULATORY COMMISSION (NERC) MINIMUM REMITTANCE STANDARD BY DISCOS (=₦166,398,207,176.41)

Description of Findings

Clause 11 of the December 2019 Minor Review of Multi-Year Tariff Order (MYTO) 2015 and Minimum Remittance Order for the Year 2020 provides that the share of available capacity is based on the percentage of load allocation as per each distributing company's vesting contract.

Audit observed that:

i. There was poor compliance in meeting the Minimum Remittance Orders by the Electricity Distribution Companies (Discos).
ii. Consequent upon (i) above, the distribution companies were unable to meet the Electricity Regulatory Commission (NERC) approved Minimum Remittance Standards during the months of January to September, 2020 based on the records made available to the auditors.
iii. The outstanding amount due from Minimum Remittance Standards for the months of January to September, 2020 stood at ₦166,398,207,176.41 (One hundred and sixty six billion, three hundred and ninety eight million, two hundred and seven thousand, one hundred and seventy six naira, forty one kobo) as at the time of the audit exercise.
iv. No Information was provided on the remaining months of October to December, 2020, and.
v. Efforts of the Management towards recovering the unremitted amounts from each company were not made available for audit.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦166,398,207,176.41 (One hundred and sixty six billion, three hundred and ninety eight million, two hundred and seven thousand, one hundred and seventy six naira, forty one kobo), being unpaid Minimum Remittance.
ii. Recover and remit the sum of ₦166,398,207,176.41 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 14: UNPAID ELECTRICITY INVOICES BY THE DISTRIBUTION COMPANIES (=₦2,702,485,436,151.19

Description of Findings

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;…" Also, 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. Eleven (11) Electricity Distribution Companies (DISCOs) have outstanding unpaid invoices with tentative interest (NIBOR+4%) as at December 2020 totalling ₦2,702,485,436,151.19 (Two trillion, seven hundred and two billion, four hundred and eighty five million, four hundred and thirty six thousand, one hundred and fifty one naira, nineteen kobo).
ii. The figure in (i) above included unpaid invoices for the months of January to September, 2020 totalling ₦416,935,766,097.78 (Four hundred and sixteen billion, nine hundred and thirty five million, seven hundred and sixty six thousand, ninety seven naira, seventy eight kobo) which had not been settled by the DISCOs.

iii. The accumulated unpaid amount has been increasing annually while NBET's efforts to recover this huge amount from the Distributing Company seem to be grossly inadequate, and
iv. The inadequate settlement from DISCOs has prompted the federal government to spend huge sum of ₦701,000,000,000.00 to settle Generating Companies through the Payment Assurance Facility (PAF).

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

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations
The Managing Director should be requested to:
i. Justify and account to the Public Accounts Committees of the National Assembly, the sum of ₦2,702,485,436,151.19 (Two trillion, seven hundred and two billion, four hundred and eighty five million, four hundred and thirty six thousand, one hundred and fifty one naira, nineteen kobo), being unpaid electricity invoices by the DISCOs.
ii. Provide evidence of efforts put in place to recover the sum of ₦2,702,485,436,151.19.
iii. Recover and remit the sum of ₦2,702,485,436,151.19 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 collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 15: UNSUBSTANTIATED PAYMENT FOR ITEMS IN THE BILL OF A POWER GENERATING COMPANY (=₦111,601,369,196.22)

Description of Findings
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. Payments amounting to ₦111,601,369,196.22 (One hundred and eleven billion, six hundred and one million, three hundred and sixty nine thousand, one hundred and ninety six naira, twenty two kobo) was made to a Power Generating Company by NBET from January to December 2020.

ii. The breakdown of the payments made to the Power Generating Company included:

S/N	Details	Amount (₦)
1	Delivery Capacity	41,918,911,072.66
2	Undelivered Capacity	14,129,370,962.46
3	Energy Invoice	42,983,904,543.15
4	True-Up Charges	12,569,182,617.95
	Total	**111,601,369,196.22**

iii. Relevant documents to substantiate the above payments were not produced for audit.

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

Risks

i. Loss of revenue to the government.
ii. Possible diversion of public funds.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦111,601,369,196.22 (One hundred and eleven billion, six hundred and one million, three hundred and sixty nine thousand, one hundred and ninety six naira, twenty two kobo) for unsubstantiated electricity invoices.
ii. Recover and remit the sum of ₦111,601,369,196.22 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 16: IRREGULAR PAYMENT (OUTSTANDING BALANCE) TO A POWER GENERATING COMPANY BY THE FEDERAL MINISTRY OF FINANCE (=₦96,190,970,594.67)

Description of Findings

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;…"

Audit observed that:

i. There was an exceptional treatment for a Power Generating Company among other companies in 2020. The Federal Ministry of Finance singled out and paid the outstanding portion of the Power Generating Company 's invoices for its available capacity and energy, totalling ₦96,190,970,594.67 (Ninety six billion, one hundred and ninety million, nine hundred and seventy thousand, five hundred and ninety four naira, sixty seven kobo), and
ii. There is the need for re-negotiation of some clauses in the agreement like the "TAKE OR PAY" Nature of PPA for which electricity that was not delivered to Nigeria by the Power Generating Company was being paid for in order to remove undue burden on NBET as it concerns payment for undelivered capacity.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦96,190,970,594.67 (Ninety six billion, one hundred and ninety million, nine hundred and seventy thousand, five hundred and ninety four naira, sixty seven kobo) for undelivered capacity and energy;
ii. Re-negotiate some parts of the agreement with the Power Generating Company to forestall payment for undelivered capacity or energy.
v. Recover and remit the sum of ₦96,190,970,594.67 to the Treasury.
vi. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
vii. 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.

THE FEDERAL HOUSING AUTHORITY

At the Federal Housing Authority (FHA) for the period January 2018 to December, 2020 the following observations were made:

ISSUE: 1 UNAUTHORIZED INVESTMENT IN FHA HOMES WITHOUT RETURNS (=₦2,500,000,000.00)

Description of Findings

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 the 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 sum of N2,500,000,000.00 (Two billion, five hundred million naira) was invested by the management of the Authority in a Mortgage Bank (FHA Homes Ltd), wholly owned by the Federal Housing Authority.
ii. Evidence of approvals obtained from relevant authorities such as Accountant General for the Federation, among others, to obtain the amount in (i) above were not provided for audit scrutiny, and
iii. Relevant Information in respect of the amount invested such as tenor, returns on investment, rate of returns, date of commencement, interest earned, dividend etc. was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Housing Authority (FHA).

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦2,500,000,000.00 (Two billion, five hundred million naira) invested without the approval of the Accountant-General of the Federation.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,500,000,000.00 invested in FHA Homes Ltd.
iii. Recover and remit to the Treasury, the sum ₦2,500,000,000.00.
iv. 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 2: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT APPROVAL OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦10,000,000.00)

Description of Findings

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 ₦10,000,000.00 (Ten million naira) was paid to an External Solicitors for legal services vide payment voucher number REC/0102/02/2018 dated 8th February, 2018.
ii. The payment was not supported with the approval of the Managing Director, and
iii. Evidence to show that the Authority 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 Federal Housing Authority (FHA).

Risks

i. Unauthorized payment.
ii. Payment for works not done.
iii. Loss of government funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations
The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦10,000,000.00 (Ten million naira) for the engagement of external solicitors without the approval of the Honorable Minister of Justice and Attorney-General of the Federation.
ii. Recover and remit the sum of ₦10,000,000.00 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 3: IRREGULAR PAYMENT OF LIFE ASSURANCE CLAIM FROM OVERHEAD VOTE (=₦7,956,157.65)

Description of Findings
Section 69(6) of the Insurance Act, 2003 states, "In the case of claims arising from life insurance policies, it shall be sufficient for the insurer to make any payment due to the policy to the beneficiary named in the policy document." 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 Authority paid, in three (3) instalments, life assurance claims totalling ₦7,956,157.65 (Seven million, nine hundred and fifty six thousand, one hundred and fifty seven naira, sixty five kobo) vide paid voucher numbers REC/0188/03/2018, REC/0188/03/2018 and REC/0415/05/2018 dated 30th January, 2018, 9th March, 2018 and 18th May, 2018, respectively to the family of a late staff.
ii. The payment was made from the overhead account of the Authority despite having a valid staff assurance contract with an insurance company.
iii. There was no evidence to show that the amount paid from the overhead account of the Authority was recouped or recovered from the contracted insurance company, and
iv. No explanation was provided for this improper expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Housing Authority (FHA).

Risks

i. Diversion of public funds.
ii. Misapplication of funds

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregular payment of ₦7,956,157.65 (Seven million, nine hundred and fifty six thousand, one hundred and fifty seven naira, sixty five kobo) as life assurance claim from overhead vote.
ii. Recover and remit to treasury, the sum of ₦7,956,157.65.
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 4: IRREGULAR PAYMENTS FOR SOCIAL EVENTS (=₦2,944,000.00)

Description of Findings

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 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. The sum of ₦2,944,000.00 (Two million, nine hundred and forty four thousand naira) was paid to sponsor some staff of the office to attend social events such as wedding and burial ceremonies of children and relatives of Board Members, burial ceremony of the mother of a contractor, gifts and donations to celebrants etc.
ii. These social events are not related to the core mandates of the Federal Housing Authority and should have been handled with personal expense, if necessary, and
iii. The approved budget of the authority to confirm that provision was made for the expenditure was not provided.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Housing Authority (FHA).

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the irregular payment of ₦2,944,000.00 (Two million, nine hundred and forty four thousand naira) for social events that were unrelated to the mandates of FHA.
ii. Provide to the Public Accounts Committees of the National Assembly, the budget approval for the expenditure of ₦2,944,000.00.
iii. Refund and remit to Treasury, the sum of ₦2,944,000.00.
iv. 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 respectively, should apply.

ISSUE 5: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦36,072,767.00)

Description of Findings
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. Seven (7) payments amounting to ₦36,072,767.00 (Thirty six million, seventy two thousand, seven hundred and sixty seven naira) were made by the Authority for the purchase of store items between March, 2018 and October, 2019, 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.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Housing Authority (FHA).

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦36,072,767.00 (Thirty six million, seventy two thousand, seven hundred and sixty seven naira), being payment for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦36,072,767.00.
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 paragraph 3104 (iii) of the Financial Regulations, 2009 should apply.

ISSUE 6: UNRETIRED CASH ADVANCES (=₦10,505,000.00)

Description of Findings

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 ₦10,505,000.00 (Ten million, five hundred and five thousand naira) was paid to two (2) members of staff of the Authority as cash advance vide paid voucher numbers REC/1466/08/2020 and REC/1885/12/2020 dated 12th August, 2020 and 9th December, 2020, respectively.
ii. The advances in (i) above, were yet to be retired/accounted for at the time of the audit exercise, and
iii. No justification was provided for the non-retirement of these cash advances.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Housing Authority (FHA).

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,505,000.00 (Ten million, five hundred and five thousand naira) being unretired cash advances.
ii. Recover and remit to the Treasury, the sum of ₦10,505,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of advance and imprest prescribed in paragraph 3124 of the Financial Regulations, 2009 should apply.

ADMINISRATIVE STAFF COLLEGE OF NIGERIA (ASCON), TOPO-BADAGRY

At the Administrative Staff College of Nigeria (ASCON), the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS TO THE AUDITOR GENERAL FOR THE FEDERATION FOR SIX (6) CONSECUTIVE YEARS (2016 - 2021)

Description of Findings
Paragraph 3210(v) of the Financial Regulations, 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 of May of the following year of account."

In spite of the extant regulations:
i. The annual audited financial statements of the College had fallen in arrears and have not been submitted to the Auditor-General for the Federation for six (6) financial years, from 2016 – 2021.
ii. The last set of audited annual financial statements submitted in line with the requirement was for the financial year 2015, and
iii. Noncompliance with timeliness for the submission of annual audited financial statements weaken the executive oversight function and deprive those charged with governance with timely information on performance and for decision making.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

i. Government finances may not be properly accounted for.
ii Misappropriation of public funds.

Management's Response

The College response that the audit of 2016 financial statement is on-going and getting to completion. The Act empowers only the Board of the College to appoint External Auditors for the audit of her annual accounts. Arising from the inability of the Board to make appointment over a period of four (4) years 2012-2016, the audit of the Financial Statements of the College has been in arrears.

Following the appointment of an auditor, the firm of Auditors, Giwa Osagie, DFK & Co has been working hard to clear the arrears and bring the audit up to date.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the failure to submit the audited financial statements to the Auditor-General for the Federation for six (6) years.
ii. Prepare and submit all the overdue audited financial statements (2016-2021) to the Auditor-General for the Federation and the Public Accounts Committee without further delay.
iii. Forward evidence of compliance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating gross misconduct in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: UNDER REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CONSOLIDATED REVENUE FUND (=₦53,887,969.75)

Description of Findings

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 ₦514,371,887.76 (Five hundred and fourteen million, three hundred and seventy one thousand, eight hundred and eighty seven naira, seventy six kobo) as Internally Generated Revenue (IGR) in 2018.
ii. 25% of the IGR amounted to ₦128,592,971.94 (One hundred and twenty eight million, five hundred and ninety two thousand, nine hundred and seventy one naira, ninety four kobo), and
iii. Only the sum of ₦74,705,002.19 (Seventy four million, seven hundred and five thousand, two naira, nineteen kobo) was remitted to the Treasury, thereby resulting to under-remittance of revenue by N53,887,969.75 (Fifty three million, eight hundred and eighty seven thousand, nine hundred and sixty nine naira, seventy five kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Director-General should be requested to:

i. Provide to the Public Accounts Committee of the National Assembly reasons why the sum of ₦53,887,969.75 (Fifty three million, eight hundred and eighty seven thousand, nine hundred and sixty nine naira, seventy five kobo) was under remitted to the Treasury.
ii. Remit to the Treasury, the sum of ₦53,887,969.75.
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: CONTRACT AWARD WITHOUT RELEVANT PROCUREMENT DOCUMENTS (=₦28,371,138.61)

Description of Findings

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.". Similarly, Section 41(2) of PPA, 2007 states, "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers."

Audit observed that:

i. Fourteen (14) contracts amounting to ₦28,371,138.61 (Twenty eight million, three hundred and seventy one thousand, one hundred and thirty eight naira, sixty one kobo) which falls within the Director-General's approval threshold were awarded to twelve (12) contractors without evidence of due process, and
ii. No quotations, Local Purchase Orders, Job Orders etc. were attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

i. Loss of government funds.
ii. Payment for contracts not executed.
iii. Contracts may be awarded at inflated price.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly for the sum of ₦28,371,138.61 (Twenty eight million, three hundred and seventy one thousand, one hundred and thirty eight naira, sixty one kobo) paid in respect of contracts awarded without documentary evidence of due process.
ii. Recover and remit to the Treasury, the sum of ₦28,371,138.61.
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 irregular award of contract in paragraphs 3106 and 3117 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: PAYMENT FOR CONTRACTS WITHOUT EVIDENCE OF EXECUTION (=₦12,262,319.62)

Description of Findings

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, 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 paid three (3) contractors the sum of ₦12,262,319.62 (Twelve million, two hundred and sixty two thousand, three hundred and nineteen naira, sixty two kobo) for outstanding bills in respect of supply of diesel.
ii. There was no invoice, delivery notes, and store receipts vouchers attached to their respective payment documents to suggest that the contract was executed, and
iii. There was no verifiable evidence to show that the College engaged the services of these contractors in line with procurement law and that the contractors actually rendered the service to the College.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committee of the National Assembly, the sum of ₦12,262,319.62 (Twelve million, two hundred and sixty two thousand, three hundred and nineteen naira, sixty two kobo) paid for contracts not executed.
ii. Recover and remit to the Treasury, the sum of ₦12,262,319.62.
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 paragraphs 3104 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: IRREGULARITIES IN THE PROCUREMENT OF VEHICLES (=₦33,980,000.00)

Description of Findings

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". 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 2305 of the FR, 2009 states, "As much as it is practicable, goods must be purchased from reputable manufacturers or their accredited agents…." Also, pparagraph 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 patronize 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 College procured two (2) Toyota Corolla Cars and one (1) Toyota Hiace Standard Roof at the cost of ₦33,980,000.00 (Thirty three million, nine hundred and eighty thousand naira).
ii. There was no evidence of competitive bidding and no evidence of quotations obtained from three prospective suppliers as required by extant regulations.
iii. The contract was awarded to a contractor that is not an accredited dealer for Toyota Motors in Nigeria, contrary to the provisions of extant regulations.
iv. The receipt for the Toyota Camry salon car was not provided instead, the College provided a Store Receipt Voucher (SRV) as evidence of payment, and
v. The College neither patronised Local Assembly Plants in the procurement of these vehicles nor obtained the approval of Mr. President before other alternative brands are procured.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Furnish reasons to the Public Accounts Committee of the National Assembly why due process was not followed in the procurement of vehicles.
ii. Account for the sum of ₦33,980,000.00 (Thirty three million, nine hundred and eighty thousand naira).
iii. Recover and remit to the Treasury, the sum of ₦33,980,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular award of contract stated in paragraph 3117 of the Financial Regulations, 2009 should apply..

ISSUE 6: IRREGULARITIES IN THE AWARD OF CONTRACT (=₦19,801,500.00)

Description of Findings

Paragraph 2921(i) of the Financial Regulations (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."

Audit observed that:

i. The College awarded a contract for the supply of two (2) Toyota Hiace Buses at the cost of ₦19,801,500.00 (Nineteen million, eight hundred and one thousand, five hundred naira), and
ii. Advertisement for the contract in the National Newspapers, Minutes of Tenders Board Meeting, Technical and financial bids from other reputable contractors were not provided for audit despite several and repeated request.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

i. Payment made to ineligible contractors.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦19,801,500.00 (Nineteen million, eight hundred and one thousand, five hundred naira) paid for contract awarded without following due process.
ii. Recover and remit the sum of ₦19,801,500.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and poor cash management specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 should apply.

ISSUE 7: IRREGULAR PAYMENTS FOR PROCUREMENT WIHOUT EVIDENCE OF EXECUTION (=₦11,743,000.00)

Description of Findings

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 College paid the sum of ₦11,743,000.00 (Eleven million, seven hundred and forty three thousand, naira) to six (6) members of staff vide fifty eight (58) paid vouchers for the supply of various items between 18th March and 2nd December, 2021, and
ii. The payments were not treated as cash advances and there was no evidence to show that the goods were supplied to the College.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

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

Management's Response

No response.

Auditor’s Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committee of the National Assembly, the sum of ₦11,743,000.00 (Eleven million, seven hundred and forty three thousand, naira) paid for procurement without evidence of execution.
ii. Account for the sum of ₦11,743,000.00 and remit to the Treasury.
iii. Recover and remit to the Treasury, the sum of ₦11,743,000.00.
iv. 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 spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 8: INAPROPRIATE PAYMENTS OF NON-PERSONAL ADVANCES (=₦133,307,517.29)

Description of Findings

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." 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. Ninety one (91) non-personal advances totaling ₦133,307,517.29 (One hundred and thirty three million, three hundred and seven thousand, five hundred and seventeen naira, twenty nine kobo) were granted to some officers of the College between January and December, 2021.
ii. Most of the advances were granted to conduct workshops, capacity building, ICT training, seminars and other program without evidence of retirement, and
iii. Some officers were granted multiple advances when previous ones had not been retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

i. Diversion of public funds.
ii. Misapplication of funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦133,307,517.29 (One hundred and thirty three million, three hundred and seven thousand, five hundred and seventeen naira, twenty nine kobo) being unretired non-personal advances.
ii. Recover from the beneficiaries and remit to the Treasury, the sum of ₦133,307,517.29.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to recover advances and non retirement of advances specified in paragraphs 3118 and 3124 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 9: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦10,756,095.00)

Description of Findings

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. Store items worth ₦10,756,095.00 (Ten million, seven hundred and fifty six thousand, ninety five naira) procured during the year under review were not taken on Ledger charge, and
ii. There was no evidence to show that the items passed through the store as store Receipt Vouchers (SRV) were not attached to paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Director-General has been requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦10,756,095.00 (Ten million, seven hundred and fifty six thousand, ninety five naira) paid for the purchase of store items not taken on ledger charge.
ii. Recover and remit the sum of ₦10,756,095.00 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 stated in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 10: VIOLATION OF E-PAYMENT POLICY (=₦29,005,604.17)

Description of Findings

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 College paid the sum of ₦29.005,604.17 (Twenty nine million, five thousand, six hundred and four naira, seventeen kobo) to persons other than the direct beneficiaries of the amount, and
ii. The payments in (i) above were made through nine (9) paid vouchers to seven (7) staff of the college for onward payment to the ultimate beneficiaries in violation of extant circular.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committee of the National Assembly, the payment of ₦29.005,604.17 (Twenty nine million, five thousand, six hundred and four naira, seventeen kobo) to persons other than the rightful beneficiaries.
ii. Recover and remit the sum of ₦29.005,604.17 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 payment for jobs not executed specified in paragraphs 3106 and 3104(i-iii) of the Financial Regulations, 2009 respectively, should apply.

ISSUE 11: IRREGULARITIES IN PAYMENT FOR FOREIGN TRIPS (=₦12,248,250.00)

Description of Findings

Establishment Circular Ref. No. HCSF/CSO/HRM/Pol.1402/1 of 22nd January, 2015, on "Restriction on Foreign Trainings and International Travels by Public Servants", places embargo on participation or attendance of international conferences, seminars, workshops, study tours, trainings, presentation of papers, nnegotiating/signing of memoranda of understanding (MOU) abroad at government expense, except they are fully funded by the sponsoring/inviting organisation. Also, 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 ₦12,248,250.00 (Twelve million, two hundred and forty eight thousand, two hundred and fifty naira) was paid to the Director-General and some management staff for foreign trips.
ii. The trip that resulted in the payment of the amount in (i) above was not fully funded by the inviting organization in contravention of the circular cited above.
iii. Evidence of attendance of the General Assembly was not provided for audit despite several and repeated requests.
iv. The Director-General was paid "Head of Delegation Allowance" which was not approved by the Head of Service of the Federation.
v. The Director-General was paid estacode for 6 nights against Head of Service approval for 4 days.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

Risks
i. Waste of government resources.
ii. Difficulty in funding budget

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦12,248,250.00 (Twelve million, two hundred and forty eight thousand, two hundred and fifty naira) being irregular payment for foreign trips.
ii. Recover and remit to the Treasury, the sum of ₦12,248,250.00.
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 12: UNRETIRED PERSONAL ADVANCES (=₦143,177,473.23)

Description of Findings
Paragraph 1405 of the Financial Regulations (FR), 2009 states, "Accounting Officers are responsible for ensuring the prompt payment of all advances by instalments or otherwise." 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. Personal advances totalling ₦143,177,473.23 (One hundred and forty three million, one hundred and seventy seven thousand, four hundred and seventy three naira, twenty three kobo) granted to officers of the College between January and December, 2021, were yet to be retired contrary to the provisions of extant regulations, and
ii. Some officers were granted multiple advances when previous ones had not been retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Administrative Staff College of Nigeria (ASCON)Topo-Badagry.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations
The Director-General should be requested to:
i. Provide Justification to the Public Accounts Committees of the National Assembly for non-retirement of the personal advances.
ii. Recover and remit to Treasury, the sum of ₦143,177,473.23 (One hundred and forty three million, one hundred and seventy seven thousand, four hundred and seventy three naira, twenty three 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.

AJAOKUTA STEEL COMPANY LIMITED, AJAOKUTA, KOGI STATE.

At Ajaokuta Steel Company Limited, Ajaokuta, Kogi State, the following observations were made:

ISSUE 1: NON-SUBMISSION OF THE COMPANY'S AUDITED FINANCIAL STATEMENTS TO THE AUDITOR-GENERAL FOR THE FEDERATION

Description of Findings
Paragraph 3210(v) of the Financial Regulations (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 of May of the following year of account."

In spite of the extant regulations:
i. The Company's yearly audited accounts had fallen in arrears for two (2) financial years from 2019 - 2020.
ii. The last set of audited annual financial statements submitted in line with the requirement was for the financial year 2018, and
iii. Delays in compliance with financial reporting regulations and timeliness weaken the executive oversight function and deprive those charged with governance with timely information on performance and for decision making and deprive the full range of stakeholders, including the legislature, the executive of vital information on financial performance and stewardship.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations.
The Sole Administrator should be requested to:
i. Justify the failure to present audited financial statements for over 2 (two) years in contravention of FR 3210(v).
ii. Prepare and submit all the overdue audited financial statements (2019 -2020) without further delay.
iii. Forward evidence of compliance to the Public Accounts Committees of the Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: NON-DEDUCTION AND REMITTANCE OF 1% STAMP DUTY (=₦3,504,667.70)

Description of Findings
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 ₦350,466,770.37 (Three hundred and fifty million, four hundred and sixty six thousand, seven hundred and seventy naira, thirty seven kobo) was paid for contracts awarded in 2018 and 2019, and
ii. The Company failed to deduct and remit statutory 1% Stamp Duty of ₦3,504,667.70 (Three million, five hundred and four thousand, six hundred and sixty seven naira, seventy kobo) from payments to the contractors as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Sole Administrator should be requested to:

i. Furnish reasons to the Public Accounts Committee why statutory 1% Stamp Duty was not deducted from payments to contractors.
ii. Recover the sum of ₦3,504,667.70 (Three million, five hundred and four thousand, six hundred and sixty seven naira, seventy kobo) 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 irregular payments specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 3: FAILURE TO FOLLOW DUE PROCESS IN THE PROCUREMENT OF WORKS AND SERVICES (=₦350,466,770.37)

Description of Findings
Section 16(6) of the Public Procurement Act (PPA), 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;" Also, section 20(2) of the 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 ₦350,466,770.37 (Three hundred and fifty million, four hundred and sixty six thousand, seven hundred and seventy naira, thirty seven kobo) was paid to various contractors, and
ii. Eligibility Criteria/Minimum Mandatory Requirements including but not limited to the following were not made available for audit on all the pre-qualified bidders: (a) Certificate of Incorporation, (b) 3 years evidence of Valid Tax Clearance Certificate, (c) PENCOM Compliance Certificate, (d) Certificate of Registration with BPE National Database of Contractors, (e) Current NSTIF Compliance Certificate, (f) Current Audited Accounts duly stamped & signed by ANAN/ICAN licensed auditors, and (g) Verifiable list of similar jobs executed.

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The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

i. Payment for Jobs not properly executed.
ii. Loss of public funds

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦350,466,770.37 (Three hundred and fifty million, four hundred and sixty six thousand, seven hundred and seventy naira, thirty seven kobo) to contractors without adherence to due process.
ii. Recover and remit to the Treasury, the sum of ₦350,466,770.37.
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 4: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦6,500,000.00)

Description of Findings

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 ₦6,500,000.00 (Six million, five hundred thousand naira) was approved by the Sole Administrator and payment voucher No. ASCL/CAP/EXP/07/2019 dated 7th May, 2019 raised in favour of a staff through GIFMIS number 123950.
ii. The memo in respect of (i) above was raised on 7th May, 2019 by the P.A. (Treasury) for special imprest on the needs for settlement of bills for official works carried out in 2019, and
iii. Details and the nature of the official work for which the payment was made was not stated and neither was there any evidence to justify the validity of the payment.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator has been 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 ₦6,500,000.00 (Six million, five hundred thousand naira).
ii. Account for the amount in (i) above.
iii. Recover and remit to the Treasury, the sum of ₦6,500,000.00.
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 5: PAYMENT OF MOBILISATION FEE WITHOUT SUBMISSION OF ADVANCE PAYMENT GUARANTEE (APG) BY CONTRACTORS (=₦54,547,379.35)

Description of Findings

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."

Audit observed that:

i. The Company paid between 60% to 75% to five (5) companies as mobilization fee amounting to ₦54,547,379.25 (Fifty four million, five hundred and forty seven thousand, three hundred and seventy nine naira, twenty five kobo) for different services including supplies and construction works, and

ii. There was no evidence to show that Advance Payment Guarantee (APG) as prescribed by extant regulations were collected from the contractors before paying the mobilization fees.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

i. Loss of government funds.
ii. Exposing public funds to avoidable risk.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Justify to the Public Accounts Committee of the National Assembly the sum of ₦54,547,379.25 (Fifty four million, five hundred and forty seven thousand, three hundred and seventy nine naira, twenty five kobo) paid as mobilization fee without APG.
ii. Recover and remit the sum of ₦54,547,379.25 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, apply sanctions relating to irregular and wrong payment and on gross misconduct stated in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively.

ISSUE 6: AWARD OF CONTRACTS ABOVE APPROVAL THRESHOLD OF THE SOLE ADMINISTRATOR (=₦15,540,000.00)

Description of Findings

Paragraph 2908 of the Financial Regulations (FR), 2009 states, "Where there are existing thresholds, no moneys shall be drawn from the Consolidated Revenue Fund or any government account in respect of procurements falling above the set thresholds. Such payment falling above threshold shall only be valid if a "Certificate of No Objection" is obtained from the Bureau."

Audit observed that:

i. The sum of ₦15,540,000.00 (Fifteen million, five hundred and forty thousand naira) was paid between 2018 and 2020 for contracts in respect of procurements and works in the Company, and
ii. The contract sums were above the approval threshold of the Sole Administrator.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

i. Award of contract to incompetent contractors.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Furnish reasons to the Public Accounts Committee of the National Assembly, why contracts totalling ₦15,540,000.00 (Fifteen million, five hundred and forty thousand naira) were awarded above the ole Administrator's approval threshold.
ii. Account to the Public Accounts Committee of the National Assembly the sum of ₦15,540,000.00.
iii. Recover and remit to the Treasury, the sum of ₦15,540,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular award of contract and poor cash management stated in paragraphs 3117 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 7: DIRECT PROCUREMENT WITHOUT APPROVAL OF BUREAU OF PUBLIC PROCUREMENT (=₦35,777,170.00)

Description of Findings

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." Also, paragraph 2937 of the Financial Regulations (2009) requires that a "Certificate of 'No Objection' to award contract" should be obtained from the Bureau of Public Procurement before a procurement entity can engage in direct procurement.

Audit observed that:

i. The Company paid the sum of ₦35,777,170.00 (Thirty five million, seven hundred and seventy seven thousand, one hundred and seventy naira) for various services by engaging in direct procurement, and
ii. The action of the Company resulted in the loss of ₦4,829,917.95 (Four million, eight hundred and twenty nine thousand, nine hundred and seventeen naira, ninety five kobo) that would have accrued to the government through statutory taxes from WHT, VAT and Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Sole Administrator should be requested to:
i. Provide to the Public Accounts Committee of the National Assembly, the Certificate of 'No Objection' obtained from Bureau of Public Procurement on the procurement totalling ₦35,777,170.00 (Thirty five million, seven hundred and seventy seven thousand, one hundred and seventy naira).
ii. Recover and remit to the Treasury, the sum of ₦35,777,170.00.
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 8: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦191,964,000.23)

Description of Findings
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 Company generated a total of ₦767,856,000.93 (Seven hundred and sixty seven million, eight hundred and fifty six thousand, ninety three Kobo) between 2018 and 2020 from various services rendered as Internally Generated Revenue (IGR), and
ii. There was no evidence of any remittance of the mandatory 25% of the IGR amounting to ₦191,964,000.23 (One hundred and ninety one million, nine hundred and sixty four thousand, twenty three kobo) that was due to the Federal Government.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Remit the sum of ₦191,964,000.23 (One hundred and ninety one million, nine hundred and sixty four thousand, twenty three kobo) being 25% of Internally Generated Revenue to CRF.
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 9: PAYMENT FOR SERVICES AND WORKS WITHOUT EVIDENCE OF EXECUTION (=₦50,361,778.00)

Description of Findings

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. Payments totalling ₦50,361,778.00 (Fifty million, three hundred and sixty one thousand, seven hundred and seventy eight naira) were made for the supply of manpower and security services to unnamed staff from the overhead account bank account number 1011690758 of the Company from January 2018 to July 2019, and
ii. The payment vouchers were not made available for audit examination after several request, hence the genuineness of the transactions could not be ascertained.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦50,361,778.00 (Fifty million, three hundred and sixty one thousand, seven hundred and seventy eight naira) paid for services and works without evidence of execution.
ii. Recover and remit the sum of ₦50,361,778.00 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 10: VIOLATION OF EXTANT REGULATION ON MAINTENANCE OF TREASURY SINGLE ACCOUNT (TSA)

Description of Findings

The Establishment Circular Reference Number: HCSF/428/S.1/125 dated 4th September, 2015 states, "…in this regard, His Excellency, Mr. President has directed that all MDAs are to comply with the instructions on the Treasury Single Account (TSA) unfailingly by Tuesday 15th September, 2015...". Also, paragraph 4 of the Treasury Circular Ref. No. TRYA12 & B12/2018OAGF/CAD/026/V.111/324 dated 7th November, 2018 states, "For the avoidance of doubt, no MDA is permitted under the extant TSA Guidelines to maintain any account with DMBs in whatever guise without express approval. The maintenance of fixed deposit, investment, endowment, transit, operational or other forms of account with DMBs except with the express exemption of President is prohibited''.

Audit observed that:

i. The Company maintained various accounts with four (4) Deposit Money Banks (DMB) with credit balances as at 31st December, 2020, and
ii. Monies were received and expended from these accounts in total violation the above stated Presidential directives.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

i. Diversion of public funds.
ii. Misappropriation of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Provide to the Public Accounts Committees of the National Assembly, the authority to operate the accounts.
ii. Provide to the Public Accounts Committees of the National Assembly, the bank statements of all the accounts from January 2021 to date, and
iii. Otherwise, sanction relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 11: IRREGULARITIES IN THE EXECUTION OF CONTRACTS THROUGH POWERS OF ATTORNEY (=₦47,084,703.22)

Description of Findings

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. Four (4) contracts valued at ₦47,084,703.22 (Forty seven million, eighty four thousand, seven hundred and three naira, twenty two kobo) in respect of Supplies and Capital Projects awarded to some contractors had their contracts and payments transferred from the original contractors.
ii. No written letter was received by the Company from the contractors transferring their contracts to other contractors with a Power of Attorney.
iii. The contract was not transferred to the next responsive bidder, rather it was given to a contractor that was not part of the bidding process for that particular contract, and

iv. There was no evidence that the new contractors have executed jobs in that area of specialization or possessed the required expertise to meet the criteria for the contract thereby contravening the provisions of Public Procurement Acts (2007), and
v. The foregoing puts the competency to deliver on the contracts in doubt and bringing to question the due diligence followed in selecting these contractors.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

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.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Sole Administrator should be requested to:
i. Furnish reasons to the Public Accounts Committees of the National Assembly for the irregularities in the execution of contracts through power of attorney.
ii. Account for the sum of ₦47,084,703.22 (Forty seven million, eighty four thousand, seven hundred and three naira, twenty two kobo).
iii. Recover and remit to the Treasury, the sum of ₦47,084,703.22.
iv. Forward payment particulars to the Public Accounts Committee of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 12: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦11,598,900.00)

Description of Findings
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 two (32) payments totalling ₦11,598,900.00 (Eleven million, five hundred and ninety eight thousand, nine hundred naira) were granted to officers of the Company as non-personal cash advances.
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 totalling ₦620,851.50 (Six hundred and twenty thousand, eight hundred and fifty one naira, fifty kobo) that would have accrued to government by way of WHT, VAT and Stamp Duty if the jobs were contracted.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations

Recommendations

The Sole Administrator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦11,598,900.00 (Eleven million, five hundred and ninety eight thousand, nine hundred naira) to officers as cash advance above the approved threshold.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦11,598,900.00.
iii. Recover and remit to the Treasury, the sum of ₦11,598,900.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 13: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦20,123,550.00)

Description of Findings

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 ₦20,123,550.00 (Twenty million, one hundred and twenty three thousand, five hundred and fifty naira) was paid through forty one (41) paid vouchers for services purportedly rendered to the Company between January and December 2019, and
ii. Relevant supporting documents such as Store Receipt Vouchers (SRV), invoices, job completion certificates, certificates of attendance, etc were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦20,123,550.00 (Twenty million, one hundred and twenty three thousand, five hundred and fifty naira) being payments without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦20,123,550.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations, 2009 respectively, should apply.

ISSUE 14: STORES ITEMS NOT TAKEN ON LEDGER CHARGE (=₦2,721,400.00)

Description of Findings

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 ₦2,721,400.00 (Two million, seven hundred and twenty one thousand, four hundred naira) was paid through twenty two (22) payment vouchers between January, 2019 to December, 2020 for the procurement of store item.
ii. The items could not be traced to stores ledger, and
iii. The payment vouchers used in effecting the payments were not supported with relevant documents such as invoices, store receipt vouchers, store issue vouchers, etc.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

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

Management's Response
No response.

Auditor’s Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Sole Administrator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,721,400.00 (Two million, seven hundred and twenty one thousand, four hundred naira), being store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦2,721,400.00.
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 spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 15: VIOLATION OF E-PAYMENT POLICY GUIDELINES ON PAYMENTS PROCEDURE (=₦4,331,100.00)

Description of Findings
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. Four (4) payments totalling ₦4,331,100.00 (Four million, three hundred and thirty one thousand, one hundred naira) were made in violation of e-payment policy, and
ii. There was no evidence to show that the above payments got to the rightful beneficiaries. Therefore, I could not ascertain that the money was utilized for the intended purpose.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦4,331,100.00 (Four million, three hundred and thirty one thousand, one hundred 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 ₦4,331,100.00.
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.

ISSUE 16: NON-RETIREMENT OF ADVANCES (=₦54,352,088.08)

Description of Findings

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 ₦54,352,088.08 (Fifty four million, three hundred and fifty two thousand, eighty eight naira, eight kobo) was granted as cash advances to one hundred and seventy seven (177) staff of the Company for the purchase of various items, and
ii. These advances were not retired as at the time of the audit exercise.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Sole Administrator should be requested to:

i. Recover the sum of ₦54,352,088.08 (Fifty four million, three hundred and fifty two thousand, eighty eight naira, eight kobo) 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 17: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦26,218,217.81)

Description of Findings

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 contract for the supply of scroll pumps was awarded vide letter of award reference number ASCL/2018 BUDGET/LOT 7b/10621 dated 2nd April, 2019 at a contract sum of ₦17,136,000.00 (Seventeen million, one hundred and thirty six thousand naira).
ii. The invoice No. 0000390 from the contractor was dated 1st April, 2019 which shows that supply was made a day before the letter of award.
iii. The payment in respect of the supply amounting to ₦21,420,000.00 (Twenty one million, four hundred and twenty thousand naira) was made vide paid voucher number ASCL/CAP/EXP/37/2019 dated 4th April, 2019.
iv. The contractor was paid the sum of ₦21,420,000.00 as against the agreed contract sum of ₦17,136,000.00, leading to an over-payment of ₦4,284,000.00 (Four million, two hundred and eighty four thousand naira), and
v. There was no approved variation to warrant the increased in payments more than the contract award sum.
vi. Similarly, the contract for the Drilling of Boreholes for four (4) estates and repairs of Dumez Camp Boreholes was awarded to a company at contract sum of ₦4,798,217.81 through award letter reference number ASCL/2018BUDGET/LOT 5b/10639 dated 24th April, 2019. The contract award documents examination and scrutiny revealed the following:
    a) Date of Award - 24th April, 2019
    b) Date of Completion - 26th April, 2019
    c) Date of Inspection - 26th April, 2019
    d) Date of Payment - 26th April, 2019

From the conflicting dates and anomalies above, it is difficult to authenticate the validity, genuineness and correctness of the transactions that led to those payments.

vii. In all, a sum of ₦26,218,217.81 (Twenty six million, two hundred and eighteen thousand, two hundred and seventeen naira, eighty one kobo) was irregularly paid to contractors.

The above anomalies could be attributed to weaknesses in the internal control system at Ajaokuta Steel Company Limited, Ajaokuta.

Risks
i. Lack of due economy on government expenditures
ii. Loss of government fund

Management's Response
No response

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Sole Administrator should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the irregularities in payment of ₦26,218,217.81 (Twenty six million, two hundred and eighteen thousand, two hundred and seventeen naira, eighty one kobo) was irregular paid to contractors to contractors.
ii. Recover and remit to the Treasury, the sum of ₦26,218,217.81.
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.

NIGERIAN CHRISTIAN PILGRIMAGE COMMISSION (NCPC), ABUJA

At the Nigerian Christian Pilgrimage Commission, Abuja, the following observations were made:

ISSUE 1: FAILURE TO RECOVER OUTSTANDING DEBTS (=₦744,183,037.96)

Description of Findings
Paragraphs 224(ii) of the Financial Regulations (FR), 2009 states, "All services rendered by government must be paid for immediately on completion of the service. Where possible, payment may be made in advance." Also, paragraph 224(iii) of the FR, 2009 states, "Where payment is outstanding a system of following-up by means of reminders and final demand through courier service shall be made. Printed pro-form as should be used for this purpose, and definite instructions will be laid down by Accounting Officers in Ministries, Extra-Ministerial Offices and ether Arms of Government for the reporting of outstanding arrears at an early date to a designated officer for a decision as to the action necessary to enforce payment, e.g. legal action."

Audit observed that:
i. The Commission's outstanding debts owed to it by some states Christian Pilgrims Commission as at 31st December, 2019 was ₦1,412,725,539.06 (One billion, four hundred and twelve million, seven hundred and twenty five thousand, five hundred and thirty nine naira, six kobo).

ii. The amount in (i) above was reduced to ₦744,183,037.96 (Seven hundred and forty four million, one hundred and eighty three thousand, thirty seven naira, ninety six kobo) as at August, 2021, and
iii. There was no evidence of concrete efforts made by the Commission to recover the debts.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Christian Pilgrimage Commission (NCPC), Abuja.

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

Management's Response
State Christian Pilgrims Welfare Boards are the Commission's biggest stakeholders. In respect of the debt owed to the Commission, the Commission has been sending letter of indebtedness to each Board on a regular basis in order for them to reduce their debts. Also, the Commission send officers for reconciliation in order to remind/recover the debt. The effect of this has reduced the debt to ₦744,183,037.96.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the non-recovery of the debts amounting to ₦744,183,037.96 (Seven hundred and forty four million, one hundred and eighty three thousand, thirty seven naira, ninety six kobo).
ii. Recover the sum of ₦744,183,037.96, being outstanding debts due to the Commission.
iii. Forward evidence of recovery 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: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦60,879,100.00)

Description of Findings
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 ₦60,879,100.00 (Sixty million, eight hundred and seventy nine thousand, one hundred naira) was granted as non-personal advances to officers of the Commission for purchases and other 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. These advances deprived the government of revenue totalling ₦8,218,678.50 (Eight million, two hundred and eighteen thousand, six hundred and seventy eight naira, fifty kobo) 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 the internal control system at the Nigerian Christian Pilgrimage Commission (NCPC), Abuja.

Risks

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

Management's Response

This was due to the exigencies and nature of our operation and that when such activities are subjected to procurement process, it will adversely affect the Commission's operations, and will not be in the interest of the public.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦60,879,100.00 (Sixty million, eight hundred and seventy nine thousand, one hundred naira) to officers as non-personal advances above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦60,879,100.00.
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 3: IRREGULAR PAYMENT FOR OVERSEAS TRAVELS ₦18,050,000.00 AND US$10,200.00

Description of Findings

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 ₦18,050,000.00 (Eighteen million, fifty thousand naira) and US$10,200.00 (Ten thousand, two hundred dollars) was paid to the Executive Secretary and other staff of the Commission for international trips.
ii. There was no convincing evidence such as travel visas, stamped international passport at entry of the countries visited, boarding passes to show that the trips were embarked on, and
iii. In some cases, payments were made after the date slated for the trips had lapsed.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Christian Pilgrimage Commission (NCPC), Abuja.

Risks

i. Loss of government funds
ii. Payment for journey not embarked on.

Management's Response

All international trips were embarked on. There might have been a delay in issuance of Visa and as such the proposed date for the journey may be shifted forward. These changes are always inevitable due to visa delay and other unforeseen factors.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Justify the to the Public Accounts Committee of the National Assembly the sum of ₦18,050,000.00 (Eighteen million, fifty thousand naira) and US$10,200.00 (Ten thousand, two hundred dollars) being irregular payment for foreign trips.
ii. Recover and pay back to the Treasury, the sum of ₦18,050,000.00 and $10,200.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular or wrong payment and poor cash management specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

RURAL ELECTRIFICATION AGENCY (REA), ABUJA.

At the Rural Electrification Agency (REA), Abuja, between January and December, 2019, the following observations were made:

ISSUE 1: EXTRA-BUDGETARY EXPENDITURE (=₦667,563,661.00)

Description of Findings

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 ₦794,214,286.00 (Seven hundred and ninety four million, two hundred and fourteen thousand, two hundred and eighty six naira) was budgeted for Zonal Intervention Project in the 2019 Appropriation Act.
ii. However, the total amount spent was ₦1,461,777,947.00 (One billion, four hundred and sixty one million, seven hundred and seventy seven thousand, nine hundred and forty seven naira), and
iii. The above expenditure led to extra budgetary spending of ₦667,563,661.00 (Six hundred and sixty seven million, five hundred and sixty three thousand, six hundred sixty one naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency (REA), Abuja.

Risks

i. Non-implementation of key programmes captured in the budget
ii. Diversion of public funds.
iii. Misapplication of funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Furnish reasons to the Public Accounts Committees of the National Assembly why approved budget was exceeded.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦667,563,661.00 (Six hundred and sixty seven million, five hundred and sixty three thousand, six hundred and sixty one naira) for extra budgetary expenditure.
iii. Refund and remit to the Treasury, the sum of ₦667,563,661.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular award of contract and expenditure without authority specified in paragraphs 3117 and 301 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: UNSPECIFIC PAYMENTS TO A CONSULTING COMPANY (=₦15,900.933.00)

Description of Findings

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 o. payment on account, no money will be claimed other than the cost of the work certified to have been performed. If a deduction is made from the amount payable on a contract in respect of a penalty or fine, the net sum only will be paid, while the deduction shall be credited to the appropriate revenue head."

Audit observed that:

i. The sum of ₦15,900,933.00 (Fifteen million, nine hundred thousand, nine hundred and thirty three naira) was paid to consulting company between 13th May and 11th December, 2019 for "Reimbursable", "twenty five (25) Lump sum amount for Rural Electrification" and "Payment to Trust Fund Manager on REF" vide three (3) paid vouchers, and
ii. The services rendered by the company were not made available despite repeated requests in the course of the audit exercise.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency (REA), Abuja.

Risks

i. Loss of government funds.
ii. Poor fund management.

Management's Response

No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,900,933.00 (Fifteen million, nine hundred thousand, nine hundred and thirty three naira) being irregular and unspecific payments.
ii. Recover and remit to the Treasury, the sum of ₦15,900,933.00.
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 prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: NON-DISCLOSURE OF INTERNALLY GENERATED REVENUE (IGR) (=₦31,960,000.00)

Description of Findings
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…." Furthermore, Finance Circular Ref. No. BO/RVE/12235/259/VII/201 dated 11th November, 2011 requires all Federal Agencies to limit their utilization of internally generated revenue (IGR) to not more than 75% of the gross revenue while the balance of not less than 25% should be remitted to the Consolidated Revenue Fund (CRF).

Audit observed that:
i. The Agency reported the sum of ₦31,960,000.00 (Thirty one million, nine hundred and sixty thousand naira) as Internally Generated Revenue for the year 2019, and
ii. Details and breakdown of the revenue was not made available for audit scrutiny despite repeated requests to the Agency by Audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency (REA), Abuja.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦31,960,000.00 (Thirty one million, nine hundred and sixty thousand naira) being IGR reported without details/breakdown.
ii. Recover and remit to the Treasury, the sum of ₦31,960,000.00.
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.

ISSUE 4: IRREGULAR PAYMENT OF HOTEL BILLS (=₦16,678,268.00)

Description of Findings
Paragraph 603(i) 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. 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 ₦16,678,268.00 (Sixteen million, six hundred and seventy eight thousand, two hundred and sixty eight naira) was paid by the Agency to use an Hotel facilities during technical Evaluation Exercise for 2019 capital projects.
ii. There were no supporting documents such as letter of engagement with the Hotel, official receipt indicating the name of the staff accommodated, the room number/s, date of arrival and departure attached as evidence that the staff were actually accommodated.
iii. Dates that the hall was claimed to have been purportedly used for the technical evaluation exercise fell on weekend which casts doubt to holding the evaluation meetings; and
iv. While carrying out the audit exercise discreet investigation revealed that the evaluation was done under the canopy, in the premises of the Agency, and not in a Hotel.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency (REA), Abuja.

Risks
i. Loss of government funds.
ii. Payments for programmes not executed.

Management's Response
No response

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,678,268.00 (Sixteen million, six hundred and seventy eight thousand, two hundred and sixty eight naira) paid without evidence of utilization.
ii. Recover and remit the sum of ₦16,678,268.00 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 5: UNSUBSTANTIATED/UNAPPROVED TRANSFER OF FUND FROM CAPITAL ACCOUNT TO THE AGENCY FUND ACCOUNT (=₦968,131,284.00)

Description of Findings
Paragraph 313 of the 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 authorised 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. Transfer amounting to ₦968,131,284.00 (Nine hundred and sixty eight million, one hundred and thirty one thousand, two hundred and eighty four naira) was made from capital expenditure account of Rural Electrification funds on 3rd June, 2019 to the Agency Fund Account where the money was expended, and
ii. Repeated requests for the payment vouchers and the approval from relevant authorities for this transfer was not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency (REA), Abuja.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Managing Director should be requested to:
i. Furnish to the Public Accounts Committee of the National Assembly, the reasons for the transferred of ₦968,131,284.00 (Nine hundred and sixty eight million, one hundred and thirty one thousand, two hundred and eighty four naira) from capital expenditure account to Rural Electrification Funds Account.
ii. Account to the Public Accounts Committee of the National Assembly, the sum of ₦968,131,284.00.
iii. Recover and remit to the Treasury, the sum of ₦968,131,284.00.
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.

ISSUE 6: UNSUBSTANTIATED/UNAPPROVED TRANSFER OF FUND FROM RURAL ELECTRIFICATION FUND TO EURO-BOUND ACCOUNT (=₦969,430,459.15)

Description of Findings
Paragraph 313 of the 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 authorised 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. Transfer amounting to ₦969,430,459.15 (Nine hundred and sixty nine million, four hundred and thirty thousand, four hundred and fifty nine naira, fifteen kobo) was made from Rural Electrification funds to Euro-Bound Account in November, 2018 from where the Agency expended the money, and
ii. Repeated requests for the payment vouchers and the approval from relevant authorities for this transfer were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency (REA), Abuja.

Risks

i. Misappropriation of funds.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Furnish to the Public Accounts Committee of the National Assembly, the reasons for the transfer of ₦969,430,459.15 (Nine hundred and sixty nine million, four hundred and thirty thousand, four hundred and fifty nine naira, fifteen kobo) from Rural Electrification funds Account to Euro-Bound Account.
ii. Account to the Public Accounts Committee of the National Assembly, the sum of ₦969,430,459.15.
iii. Recover and remit to the Treasury, the sum of ₦969,430,459.15.
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.

FEDERAL CHARACTER COMMISSION, ABUJA

At the Federal Character Commission, Abuja, the following observations were made:

ISSUE 1: UNAPPROVED VIREMENT OF EXPENDITURE SUBHEAD (=₦88,413,926.60)

Description of Findings

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 the 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 ₦88,413,926.60 (Eighty eight million, four hundred and thirteen thousand, nine hundred and twenty six naira, sixty kobo) was paid from recurrent votes for purposes other than what they were meant for, in violation of the provisions of extant regulations, and
ii. The Commission failed to provide approval of the National Assembly for the virements in compliance with Financial Regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Character Commission, Abuja.

Risks

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

Management's Response

The Commission's ensures that payments are charged to the relevant line-votes and their general classifications. Payments are tailored towards priority areas in order to maintain smoothness in government business in the face of scarce resources.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Chairman has been requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦88,413,926.60 (Eighty eight million, four hundred and thirteen thousand, nine hundred and twenty six naira, sixty kobo) being unapproved virement.
ii. Refund the sum of ₦88,413,926.60 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 2: PAYMENTS WITHOUT PREPAYMENT AUDIT (=₦60,255,492.24)

Description of Findings

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. Six (6) payments totaling ₦60,255,492.24 (Sixty million, two hundred and fifty five thousand, four hundred and ninety two, twenty four kobo) were made by the Commission 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 Character Commission, Abuja.

Risks

i. Misappropriation of public funds.
ii. Diversion of public funds.

Management's Response

The Commission observes pre-payment audits. All vouchers are audited and this may be due to isolated stamping mistake by the audit.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Chairman should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦60,255,492.24 (Sixty million, two hundred and fifty five thousand, four hundred and ninety two naira, twenty four kobo) without prepayment audit.
ii. Recover and remit the sum of ₦60,255,492.24 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: PAYMENT FOR POOR QUALITY WORK (=₦76,930,284.33)

Description of Findings

Paragraph 3105 of the Financial Regulation (2009) states, "A public officer, on receipt of a query from the Auditor- General for a poor quality work carried out by contractor, has 42 days to get the contractor to rectify the abnormalities or get refund for the amount overpaid as a result of the poor job. If the query remains unanswered after the time limit, the officer(s) that certified the job for payment shall be demoted in rank while the contractor blacklisted and reported to the Economic and Financial Crimes Commission for prosecution."

Audit observed that:

i. The Commission awarded contract for the construction of a building project to a contractor at a contract sum of ₦76,992,483.63 (Seventy six million, nine hundred and ninety two thousand, four hundred and eighty three naira, sixty three kobo) vide

award letter Ref. No: FCC/031/S.22/1/LOT.A1/57 dated 27th November, 2020 with a twelve (12) week completion period.

ii. Four (4) Interim Payment Certificates (IPCs) totalling ₦76,930,284.33 (Seventy six million, nine hundred and thirty thousand, two hundred and eighty four naira, thirty three kobo) was issued and paid, leaving a paltry sum of ₦62,199.27(Sixty two thousand, one hundred and ninety nine naira, twenty seven kobo) as outstanding payment.

iii. Physical audit inspection visits to the projects site revealed the following anomalies:
   a. The roof in all the rooms were licking.
   b. The fence was constructed without reinforcement.
   c. There were serious cracks on the wall and the wall was almost falling.
   d. Most of the rooms were dilapidated, and

iv. The building construction is far below standard and was in a terrible state as at the time of audit inspection on 11th April, 2022.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Character Commission, Abuja.

Risks

i. Public funds may be misapplied.
ii. Diversion of public funds to private use.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Chairman should be requested to:

i. Justify to the Public accounts Committee of the National Assembly, the sum of ₦76,930,284.33 (Seventy six million, nine hundred and thirty thousand, two hundred and eighty four naira, thirty three kobo) being payment for poor quality work.
ii. Refund and remit to the Treasury, the sum of ₦76,930,284.33.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for poor quality of work and prosecution by the EFCC prescribed by paragraphs 3105 and 3104(iii) of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦19,340,600.00)

Description of Findings

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 ₦19,340,600.00 (Nineteen million, three hundred and forty thousand, six hundred naira) were paid to officers of the Commission for fabrication and installation of burglary, servicing of lift system, purchase of diesel, training of staff between February and December, 2021 in excess of the ₦200,000 threshold, and
ii. The action of the Commission resulted in the loss of ₦2,610,981.00 (Two million, six hundred and ten thousand, nine hundred and eighty one 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 Federal Character Commission, Abuja.

Risks

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

Management's Response

The officers are imprest holders, monies were paid for government operations as provided by FR 1009.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Chairman should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦19,340,600.00 (Nineteen million, three hundred and forty thousand, six hundred naira) being payment in circumvention of procurement procedure.
ii. Recover and remit to the Treasury, the sum of ₦19,340,600.00.
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 5: UNRETIRED IMPRESTS (=₦17,400,000.00)

Description of Findings

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. The sum of ₦17,400,000.00 (Seventeen million, four hundred thousand naira) was granted as imprest to five (5) officers of the Commission between January and December, 2021, and
ii. There were no documents to show that the imprests were retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Character Commission, Abuja.

Risks

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

Management's Response

Imprest was raised in line with FR 1004(b) due to peculiarity of the Commission's mandate.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦17,400,000.00 (Seventeen million, four hundred thousand naira) being unretired imprests.
ii. Recover the sum of ₦17,400,000.00 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 related to non-retirement of advance and imprest prescribed in paragraph 3124 of the Financial Regulations, 2009, should apply.

ISSUE 6: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦11,538,354.96)

Description of Findings

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. Payments amounting to ₦11,538,354.96 (Eleven million, five hundred and thirty eight thousand, three hundred and fifty four naira, ninety six kobo) were made in favour of some officers of the Commission in 2021, and
ii. The paid vouchers revealed that the payments were made to officers other than the ultimate beneficiaries, in violation of the Federal Government's e-payment Circular.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Character Commission, Abuja.

Risks

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

Management's Response

Payments are made to actual beneficiaries all the time.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, 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.

1SSUE 7: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦24,609,075.00)

Description of Findings

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. Fifty two (52) payments amounting to ₦24,609,075.00 (Twenty four million, six hundred and nine thousand, seventy five naira) were made by the Commission for the purchase of store items between January and December, 2021, and
ii. There was no evidence that the items procured were taken on ledger charge.

The above anomalies could be attributed to failure of internal control system at the Federal Character Commission, Abuja.

Risks

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

Management's Response

All purchases passed through stores and Internal Audit verification.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Chairman should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why store items procured for ₦24,609,075.00 (Twenty four million, six hundred and nine thousand, seventy five naira) were not taken on ledger charge.
iii. Account for the sum of ₦24,609,075.00 paid for store items not taken on ledger charge.

iv. Recover and remit to the Treasury, the sum of ₦24,609,075.00.
v. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
vi. 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 8: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦94,463,898.21)

Description of Findings

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 ₦94,463,898.21 (Ninety four million, four hundred and sixty three thousand, eight hundred and ninety eight naira, twenty one kobo) was paid through seventeen (17) vouchers in 2021, and
ii. Relevant supporting documents such receipts/invoices, letter of award, bills, contract agreement, etc., were not provided for audit.

The above anomalies could be attributed to failure of internal control system at the Federal Character Commission, Abuja.

Risks

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

Management's Response

Every voucher carries detailed documents as per approved check-list, whether for contracts or individual payments.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦94,463,898.21 (Ninety four million, four hundred and sixty three thousand, eight

hundred and ninety eight naira, twenty one kobo) paid without attaching relevant supporting documents.

ii. Recover the sum of ₦94,463,898.21 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 9: MISAPPLICATION OF FUNDS (=₦92,742,500.00)

Description of Findings

Paragraph 313 of the Financial Regulations (2009) states, "The authority conveyed to Accountant-General and to Officers controlling votes, by recurrent warrant is limited to the amount provided under each subheading the approved estimates…" Similarly, paragraph 417 of Financial Regulation (FR), 2009 states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which money is provided. Expenditure incorrectly charged to a vote shall be disallowed.". Furthermore section 80(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, ''No money shall be withdrawn from the Consolidated Revenue Fund of the Federation except to meet expenditure that is charged upon the Fund by this Constitution or where the issue of those moneys has been authorized by an Appropriation Act, Supplementary Appropriation Act or an Act passed in pursuance of the National Assembly." 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. Four (4) vehicles were supplied by a contractor at a contract price of ₦92,742,500.00 (Ninety two million, seven hundred and forty two thousand, five hundred naira) vide letter of award Ref No. FCC/121/S.6/LOT.C/VOL.1/93 dated 23rd December, 2021 on which payment was made on 24th December, 2021.

ii. The capital budget performance and appropriation records show that there was no provision for supply of motor vehicles in the 2021 financial year budget appropriation.

iii. The payment for the motor vehicles was made under budget line ERGP30126791 meant for inspection and evaluation of projects and programmes, and

iv. The motor vehicle supplied were not recorded as part of the Commission's assets as the documentations and recording could not be traced to the Fixed Asset Register.

The above anomalies could be attributed to failure of internal control system at the Federal Character Commission, Abuja.

Risks

i. Loss of government funds.

ii. Diversion of public funds.

iii. Misapplication and misappropriation of funds.

Management's Response
The purchase of vehicles was part of the 2021 budget appropriation to prosecute the project as clearly presented and approved by the National Assembly.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Chairman should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦92,742,500.00 (Ninety two million, seven hundred and forty two thousand, five hundred naira) being payments without evidence of appropriation.
ii. Recover the sum of ₦125,667,600.00 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 gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively should apply.

ISSUE 10: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦103,942,300.00)

Description of Findings
The Treasury Circular Ref. No. TRY/A8 & B8/2008 OAGF/CAD/026/Vol.II/465 dated 22nd October, 2008 for implementation of e-payment provision 4(vii) 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, paragraphs 632 and 633 of the Financial Regulations (FR), (2009) prohibit the use of cash/cheque for payment.

Audit observed that:
i. Sixty five (65) payments totalling ₦103,942,300.00 (One hundred and three million, nine hundred and forty two thousand, three hundred naira) were made in violation of e-payment policy, and
ii. There was no evidence to show that the above payments were disbursed to the rightful beneficiaries.

The above anomalies could be attributed to failure of internal control system at the Federal Character Commission, Abuja.

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

Management's Response.
The payment vouchers carry "payee" as Diogu & 36 others, the GIFMIS payments were made into the accounts of each beneficiary.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Chairman should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦103,942,300.00 (One hundred and three million, nine hundred and forty two thousand, three hundred naira) paid to persons other than the ultimate beneficiaries.
ii. Recover and remit the sum of ₦103,942,300.00 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.

GALAXY BACKBONE LIMITED

At the Galaxy Backbone Limited, the following observations were made:

ISSUE 1: NON-REMITTANCE OF STATUTORY TAXES (=₦329,845,000.00)

Description of Findings
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 ₦329,845,000.00 (Three hundred and twenty nine million, eight hundred and forty five thousand naira) was deducted as Withholding Tax (WHT) in 2020, and
ii. The statutory taxes were not remitted to the Federal Inland Revenue Service in accordance with extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Galaxy Backbone Limited.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦329,845,000.00 (Three hundred and twenty nine million, eight hundred and forty five thousand naira) being unremitted WHT to the relevant tax authorities.
ii. Recover and remit to the relevant authorities, the sum of ₦329,845,000.00.
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: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦66,799,440.56 AND =US$40,943.10)

Description of Findings
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 ₦66,799,440.56 (Sixty six million, seven hundred and ninety nine thousand ,four hundred and forty naira ,fifty six kobo) was paid through six (6) vouchers in 2021. Relevant supporting documents such as letter of award, delivery note, store Receipts Vouchers (SRV), receipts etc. were not provided for audit.
ii. The sum of US$40,943.10 (Forty thousand, nine hundred and forty three dollars, ten cents), was paid to a contractor through award letter reference number GBB/SDSC/PRC/20210152 dated 9th June, 2021, and
iii. Relevant supporting documents such as bid records, contract agreement, reports, certificate of job completion, etc. were not attached to the paid voucher to substantiate the payments in (i) and (ii) above.

These anomalies could be attributed to weaknesses in the internal control system at the Galaxy Backbone Limited.

Risks
i. Diversion of public funds.
ii. Payments for Jobs not done.
iii. Loss of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦66,799,440.56 (Sixty six million, seven hundred and ninety nine thousand ,four hundred and forty naira ,fifty six kobo) and US$40,943.10 (Forty thousand, nine hundred and forty three US dollars, ten cents), being payment without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦66,799,440.56 and US$40,943.10.
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, 2009 respectively, should apply.

ISSUE 3: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦12,661,300.00)

Description of Findings
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. Ten (10) payments totaling ₦12,661,300.00 (Twelve million, six hundred and sixty one thousand, three hundred naira) were made through staff account 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 Galaxy Backbone Limited.

Risks
i. Payment may never get to the ultimate beneficiaries.
ii. Diversion of government funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,661,300.00 (Twelve million, six hundred and sixty one thousand, three hundred naira) paid to persons other than the ultimate beneficiaries.
ii. Recover and remit the sum of ₦12,661,300.00 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 4: DOUBTFUL PAYMENTS (=₦2,433,701.56)

Description of Findings
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 ₦2,433,701.56 (Two million, four hundred and thirty three thousand, seven hundred and one naira, fifty six kobo) was paid as Duty Tour Allowances (DTA) to officers of the Company for official trips to Gombe.
ii Relevant documents to show the purpose of the trip, days/period spent and basis of calculating the DTA, etc. were not attached, and
iii The outcomes of the trip (i.e. reports) were also not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Galaxy Backbone Limited.

Risks

i Loss of public funds
ii Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,433,701.56 (Two million, four hundred and thirty three thousand, seven hundred and one naira, fifty six kobo) being irregular payment to officers of the Company.
ii. Recover the sum of ₦2,433,701.56 from the officers involved 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 as specified in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: IRREGULAR AWARD AND PAYMENT FOR CONTRACT (=US$164,403.00) AND (=₦68,590,562.00))

Description of Findings

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. …" 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." 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 US$164,403.00 (One hundred and sixty four thousand, four hundred and three dollars) was paid for the supply of Laptops and desktop computers through PV NO.19670 & 19669 dated 29th November, 2021.
ii. Prevailing exchange rates of the dollar as per period of contract execution was not attached.
iii. Relevant procurement documents such as award letter, acceptance letter from vendor, contract agreement, receipts, advance bank guarantee, job completion certificate, etc. was not attached to the paid vouchers, and
iv. Evidence of statutory tax from the contract was not deducted and remitted, this amounted to US$1,644.00 for Stamp Duty, US$12,330.22 for VAT and US$8,220.00 for WHT.

The above anomalies could be attributed to weaknesses in the internal control system at the Galaxy Backbone Limited.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts committees of the National Assembly, the payment of US$164,403.00 (One hundred and sixty four thousand, four hundred and three dollars) being irregular award of contract.
ii. Recover the sum of US$164,403.00 and remit to the Treasury.
iii. Forward evidence of remittance of the sum of US$164,403.00 to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to remit VAT and WHT and gross misconduct specified in paragraphs 3106, 234 (ii) and 3129 of the Financial Regulations, 2009 respectively, should apply.

INSTITUTE OF PEACE AND CONFLICT RESOLUTION (IPCR), ABUJA

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

ISSUE1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Description of Findings

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 Institute of Peace and Conflict Resolution failed to submit its audited financial statements for the year 2020 and 2021 to the Office of the Auditor-General for the Federation, and
ii. No reason was provided for the non-submission of the 2020 and 2021 Audited Financial Statements.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts committees of the National Assembly, the non-submission of the 2020 and 2021 Audited Financial Statements.
ii. Forward copies of the outstanding Audited Financial Statements to the Public Accounts Committees of the National Assembly and the Office of the Auditor-General for the Federation, and
iii. Otherwise, sanctions relating to gross misconduct in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: UNSUBSTANTIATED PAYMENT FOR PROJECT MONITORING AND EVALUATION (=₦25,801,400.00)

Description of Findings

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." 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 ₦25,801,400.00 (Twenty five million, eight hundred and one thousand, four hundred naira) was made vide five (5) 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.

Auditor’s Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦25,801,400.00 (Twenty five million, eight hundred and one thousand, four hundred naira) on monitoring and evaluation exercise.
ii. Recover and remit to the Treasury, the sum of ₦25,801,400.00.
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 3: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦3,406,800.00)

Description of Findings
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 ₦3,406,800.00 (Three million, four hundred and six thousand eight hundred naira) were not taken on ledger charge, 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 Institute for Peace and Conflict Resolution, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why store items valued at ₦3,406,800.00 (Three million four hundred and six thousand eight hundred naira) were not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦3,406,800.00.
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 FOR DOUBTFUL TRAINING SERVICES (=₦21,383,800.00)

Description of Findings

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. Also, Establishment Circular Ref. No. HCSF/CS/BUD/33/1/38 dated 19th July, 2011 stipulates "all attendance of both local and International Conference

and Training are to produce certificate of full participation from the organizers, report on the program and evidence of course fee"

Audit observed that:

i. The sum of ₦21,383,800.00 (Twenty one million, three hundred and eighty three thousand, eight hundred naira) was expended from the zonal intervention and overhead cost account release for training.
ii. This training ranges from REMITA, E-Collection training, Training on IPSAS, Workshop on management, Development Programme, Strategic framework on release of national chat of account, and
iii. Relevant documents such as attendance register, reports on the training, group photographs taken during the training, certificate issued, certificate of job completion, etc., 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 Institute for Peace and Conflict Resolution, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, payment of ₦21,383,800.00 (Twenty one million, three hundred and eighty three thousand, eight hundred naira) for programmes without evidence of execution.
ii. Recover and remit the sum of ₦21,383,800.00 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 5: IRREGULARITIES IN PAYMENT FOR ZONAL INTERVENTION CONTRACT (=₦562,735,636.00)

Description of Findings

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 ₦562,735,636.00 (Five hundred and sixty two million, seven hundred and thirty five thousand, six hundred and thirty six 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 payments were not provided for audit examination.

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.

Auditor’s Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

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 of ₦562,735,636.00 (Five hundred and sixty two million, seven hundred and thirty five thousand, six hundred and thirty six naira) for zonal intervention programs.
ii. Recover and remit to the Treasury, the sum of ₦562,735,636.00.
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 6: PAYMENT FOR CONSULTANCY WITHOUT EVIDENCE OF EXECUTION (=₦84,300,406.00)

Description of Findings

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, 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 ₦84,300,406.00 (Eighty four million, three hundred thousand, four hundred and six naira) was expended on consultancy services from capital expenditure vote for implementation of 2021 budget appropriation, conflict escalation training, implementation of strategy on demographic dynamic of violence conflict, assessment of existing conflicts.
ii. The payments were made without details of procurement processe and technical evaluations of the contractors, and
iii. Relevant supporting documents such as 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.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦84,300,406.00 (Eighty four million, three hundred thousand; four hundred and six naira) was paid without evidence of contract execution.
ii. Recover and remit to the Treasury, the sum of ₦84,300,406.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and poor cash management specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively should apply.

ISSUE 7: UNRETIRED CASH ADVANCES (=₦3,069,573.00)

Description of Findings

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 two (32) cash advances amounting to ₦3,069,573.00 (Three million, sixty nine thousand, five hundred and seventy three naira) that were granted to Officers of the Institute in 2019 remained unretired as at the time of audit, 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 Institute for Peace and Conflict Resolution, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director General 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 ₦3,069,573.00 (Three million, sixty nine thousand, five hundred and seventy three naira).
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. 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.

NATIONAL EMERGENCY MANAGEMENT AGENCY (NEMA), ABUJA

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

ISSUE 1: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦277,651,819.82)

Description of Findings

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 ₦277,651,819.82 (Two hundred and seventy seven million, six hundred and fifty one thousand, eight hundred and nineteen naira, eighty two kobo) was paid to the contractors through ten (10) paid vouchers, and
ii. Documents such as quotations from contractors, BPP's Certificate of "No Objection" after emergency procurement, report of in-house price survey, etc., were not attached to the paid voucher to substantiate their validity and genuineness.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations.

The Director General should be requested to:

i. Furnish reasons to the Public Accounts Committee of the National Assembly, why payment vouchers in the sum of ₦277,651,819.82 (Two hundred and seventy seven million, six hundred and fifty one thousand, eight hundred and nineteen naira, eighty two kobo) were processed and paid without relevant supporting documents.

ii. Account to the Public Accounts Committee of the National Assembly, the sum of ₦277,651,819.82.
iii. Recover and remit the sum of ₦277,651,819.82 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 2: PAYMENT FOR FOREIGN TRIPS WITHOUT APPROVAL (=₦20,988,236.00)

Description of Findings

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 ₦20,988,236.00 (Twenty million, nine hundred and eighty eight thousand, two hundred and thirty six naira) was paid to eight (8) Officers of the Agency in October, 2021.
ii. Some of the expenditure should have been funded by the Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development and not NEMA thus resulting in financial Interference by the Ministry.
iii. There was no evidence of approval from the relevant authorities as prescribed by the extant regulations.
iv. The sum of ₦2,000,000.00 (Two million naira) purportedly paid to The Federal Ministry of Environment for Pavilion at the COP 26 Conference held in U.K through paid voucher No. 253 dated 26th October, 2021 could not be unaccounted for, and
v. Letters of invitation, travel tickets, visas pages off the participants, etc, were not attached to the payment vouchers, thereby making it impossible to confirm the genuineness of the expenditure.

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

Risks

i. Loss of government funds.
ii. Payment for journey not embarked on.
iii. Diversion of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director General should be requested to:

i. Furnish reasons why payments for international travels were made without approval by 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.
ii. Account for the sum of ₦20,988,236.00 (Twenty million, nine hundred and eighty eight thousand, two hundred and thirty six naira) purportedly expended on foreign trips.
iii. Recover the sum of ₦20,988,236.00 from the officers and remit same to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments and poor cash management specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: UNDUE FINANCIAL INTERFERENCE BY THE SUPERVISING MINISTRY (=₦10,328,236.00)

Description of Findings
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. Five (5) payment vouchers in the sum of ₦10,328,236.00 (Ten million, three hundred and twenty eight thousand, two hundred and thirty six naira) were made for activities relating to the foreign trips to participate in International Conferences on behalf of the two Ministries.
ii. The payments should have been funded by the Federal Ministry of Environment and Ministry of Humanitarian Affairs, Disaster Management and Social Development, and
iii. There was no evidence to show exemption or waiver was granted before the above payment was made.

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

Risks

i. Payment for services already paid by the Ministry.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director General should be requested to:

i. Furnish reasons to the Public Accounts Committee of the National Assembly why activities of the supervising Ministry were paid for by the Agency.
ii. Recover the sum of ₦10,328,236.00 (Ten million, three hundred and twenty eight thousand two hundred and thirty six 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 stated in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 4: IRREGULAR VERIFICATION OF STORES (=₦447,967,680.00)

Description of Findings

Paragraph 2133 of Financial Regulations (FR), 2009 states, "Stores Officers and / or stock versifiers shall not participate in the procurement of stores. They are also not to participate in the selection of a contractor or sit on the Tenders Board. Their duties are mainly to ensure that the goods ordered are received according to specifications and recorded in the stores ledgers as appropriate".

Audit observed:

i. The sum of ₦447,967,680.00 (Four hundred and forty seven million, nine hundred and sixty seven thousand, six hundred and eighty naira) was paid through eight (8) paid vouchers for procurement of various materials for Agric. Intervention due to 2020 flood, and
ii. The material procured were received into store several days, weeks and months before they were allegedly verified by stock verifiers. The stock verification ought to have been carried out on the items supplied to ascertain the propriety of what was procured by ensuring compliance with quantity, quality, brand specifications and the condition of the items before they were received in the stores.

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

Risks
i. Payment for supplies not made.
ii. Diversion of public funds.
iii. Loss of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendation
The Managing Director should be requested to:
i. Furnish reasons to the Public Accounts Committee of the National Assembly, why store items procured totaling the sum of ₦447,967,680.00 (Four hundred and forty seven million, nine hundred and sixty seven thousand, six hundred and eighty naira) were not verified before being received in the store as required by extant regulations.
ii. Account for the sum of ₦447,967,680.00.
iii. Recover and remit to the Treasury, the sum of ₦447,967,680.00.
iv. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
v. 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 5: OVERPAYMENT AND DOUBTFUL SUPPLY OR PROCUREMENT OF GOODS (=₦310,854,465.00)

Description of Findings
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 ₦310,854,465.00 (Three hundred and ten million, eight hundred and fifty four thousand, four hundred and sixty five naira) was paid through eight (8) paid vouchers, and

ii. Relevant supporting document such as Store Receipt Vouchers, Delivery Note, Invoice, Stock Verification Certificates, and Job Completion Certificate were not numbered and dated, thereby casting doubt on the authenticity of the expenditure.

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

Risks

i. Payments for non-existing contracts.
ii. Diversion of government funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director General should be requested to:

i. Justify to the Public Account Committees of the National Assembly, the payment of ₦310,854,465.00 (Three hundred and ten million, eight hundred and fifty four thousand, four hundred and sixty five naira) with irregular supporting documents.
ii. Account to the public account committees of the National Assembly the sum of ₦310,854,465.00 paid with irregular procurement and supply records.
iii. Recover and remit the sum of ₦310,854,465.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committee 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 6: NON-RETIREMENT OF CASH ADVANCES (=₦54,352,088.08)

Description of Findings

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 ₦54,352,088.08 (Fifty four million, three hundred and fifty two thousand, eighty eight naira, eight kobo) was granted as cash advances to six (6) staff of the Agency between May and September, 2021 for the purchase of various items, and

ii. These advances were not retired as at the time of the audit exercise in May 2022.

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

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the non-retirement of the cash advances.
ii. Recover and remit to Treasury, the sum of ₦54,352,088.08 (Fifty four million, three hundred and fifty two thousand, eighty eight naira, eight kobo) being unretired advances.
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.

NATIONAL PENSION COMMISSION, ABUJA

At the National Pension Commission, Abuja, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2013 TO 2020)

Description of Findings
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. National Pension Commission failed to submit its audited financial statements for the years 2013 to 2020 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 National Pension Commission, Abuja.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Submit the audited financial statements, in respect of 2013 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: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦51,113,414.00)

Description of Findings
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 ₦51,113,414.00 (Fifty one million, one hundred and thirteen thousand, four hundred and fourteen naira) on the purchase of various store items vide twenty five (25) 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 Pension Commission, Abuja.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly the sum of ₦51,113,414.00 (Fifty one million, one hundred and thirteen thousand, four hundred and fourteen naira) for items purchased but not taken on store ledger charge.
ii. Recover and remit the sum of ₦51,113,414.00 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 3: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT APPROVAL OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦10,526,480.00)

Description of Findings
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. Eleven (11) payments totaling ₦10,526,480.00 (Ten million, five hundred and twenty six thousand, four hundred and eighty naira) were made to solicitors to carry out various legal services on behalf of the Commission between February and December, 2020, 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 Pension Commission, Abuja.

Risks

i. Engagement of inexperienced/unqualified solicitors.
ii. Diversion of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦10,526,480.00 (Ten million, five hundred and twenty six thousand, four hundred and eighty naira) paid for legal fees without the approval of the Honourable Attorney-General of the Federation.
ii. Recover and remit the sum of ₦10,526,480.00 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.

VOICE OF NIGERIA (VON), ABUJA

At the Voice of Nigeria (VON), Abuja, the following observations were made:

ISSUE 1: PROCUREMENT AND INSTALLATION OF ICT FACILITIES WITHOUT APPROVAL (=₦330,767,353.52)

Description of Findings
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 ₦330,767,353.52 (Three Hundred and thirty million, seven hundred and sixty seven thousand, three hundred and fifty three naira, fifty two kobo) was paid to some contractors for the upgrade, configuration and installations of IT software and other computer related items at the Voice of Nigeria (VON) in the year 2021.
ii. There was no clearance obtained from the Nigeria Information Technology Development Agency (NITDA), and
i. Thee equipment cannot be verified as to their quality and appropriateness to serve the needs of VON.

The above anomalies could be attributed to weaknesses in the internal control system at the Voice of Nigeria (VON), Abuja.

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

Management's Response
The Management of VON noted the infraction.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the procurement and installation of ICT infrastructure without obtaining requisite approvals.
ii. Recover and remit to Treasury the sum of ₦330,767,353.52 (Three Hundred and thirty million, seven hundred and sixty seven thousand, three hundred and fifty three naira, fifty two kobo).
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.

ISSUE 2: NON- INSURANCE OF EQUIPMENT AND OTHER ASSETS (=₦12,359,911,066.49)

Description of Findings
Section 7 (d) of the National Insurance Commission (NAICOM) Act, 1997 states, "There must be adequate protection of strategic government assets and other properties." Also, section 68 of the National Insurance Act (NIA), 2020 provides that no vehicle, inclusive of Government vehicles shall be used on roads unless a liability which may thereby be incurred in respect of damages to property of third parties is insured with a registered insurer. Furthermore, Federal Government directives contained in the Establishment Circular No. CM/87/T/7 of 22nd February, 2001 requires that fixed assets in government establishments should be insured against risk/peril. Similarly, Establishment Circular Ref. No. SGF/OP/I/S.3/VII/931 dated 21st July, 2008 stipulates that Government Assets/Properties must be insured.

Audit observed that:
i. VON does not have insurance policy cover on any of its assets including the electrical and Information Technology (IT) equipment or information technology facilities that worth over ₦12,359,911,066.49 (Twelve billion, three hundred and fifty

nine million, nine hundred and eleven thousand, sixty six naira, forty nine kobo) right from the inception of the agency to date, and

ii. There was no policies or classification of assets with respect to insurance coverage leaving the project assets vulnerable. The assets were not covered against risks/perils with an insurance policy.

The above anomalies could be attributed to weaknesses in the internal control system at the Voice of Nigeria (VON), Abuja.

Risks

i. Financial loss in the event of accident or theft.
ii. Loss of valuable properties in the event of unexpected occurrences.

Management's Response

The provision of insurance in MDA's budget is being streamlined by the budget office of the Federation. All Insurance of the Federal Government properties and Equipment is being handled centrally by the Ministry of Finance upon the request of the MDA and that the management have written to the Budget office and Federal Ministry of Finance but no response yet.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-insurance of assets worth over ₦12,359,911,066.49 (Twelve billion, three and fifty nine million, nine hundred and eleven thousand, sixty six naira, forty nine kobo).
ii. Ensure that all the assets of VON are adequately provided for with insurance cover in the yearly budgetary proposal, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 3: PAYMENT FOR TRAINING AND WORKSHOP WITHOUT EVIDENCE OF EXECUTION (=₦5,182,600.00)

Description of Findings

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 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 nine (29) payments totaling ₦5,182,600.00 (Five million, one hundred and eighty two thousand, six hundred naira) were made to some officers of VON for training and workshop, and
ii. Evidence such as attendance register, reports, certificate of participation, Job Completion Certificates 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 Voice of Nigeria (VON), Abuja.

Risks

i. Loss of government funds.
ii. Payment for job not executed.

Management's Response

The Management of VON noted the infraction.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦5,182,600.00 (Five million, one hundred and eighty two thousand, six hundred naira) for staff training and workshop without evidence of execution.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,182,600.00.
iii. Recover and remit the sum of ₦5,182,600.00 to the Treasury.
iv. 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 spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations, 2009 respectively, should apply.

SECTION 5

FEDERAL CAPITAL TERRITORY ADMINISTRATION AND AREA COUNCIL AUDIT DEPARTMENT

ABUJA GEOGRAPHIC INFORMATION SYSTEM

At Abuja Geographic Information System, the following observations were made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦1,811,111.66)

Description of Findings

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. Twenty one (21) cash advances amounting to ₦1,811,111.66 (One million, eight hundred and eleven thousand, one hundred and eleven naira, sixty six kobo) that were granted to officers of Abuja Geographic Information System remained unretired as 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 Abuja Geographic Information System.

Risks

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

Management's Response

The figure captured as unretired cash advance in 2021 is noted, however, majority of the unretired cash advances are now retired.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,811,111.66 (One million, eight hundred and eleven thousand, one hundred and eleven naira, sixty six kobo), being unretired cash advances.
ii. Recover and remit to Treasury, the sum of ₦1,811,111.66.
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 and 3124 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: PROCUREMENT OF FUEL (AGO) NOT ACCOUNTED FOR (=₦21,607,500.00)

Description of Findings

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 402(i) of the FR, 2009 states, "It is the duty of every officer controlling a vote to monitor the expenditure pattern of his ministry, extra-ministerial office and other arms of government with reference to the amounts provided in the Estimates. He shall keep a departmental vote book posted up-to-date…."

Audit observed that:

i. A total of eighty seven thousand, five hundred (87,500) liters of diesel at ₦322.50/ litre which amounted to ₦28,218,750.00 (Twenty eight million, two hundred and eighteen thousand, seven hundred and fifty naira) was supplied and paid for during the year under review.
ii. The amount traced into the Vote Book for the same period was twenty thousand, five hundred (20,500) liters of diesel amounting to ₦6,611,250.00 (Six million, six hundred and eleven naira, two hundred and fifty naira), and
iii. This leaves a balance of ₦21,607,500.00 (Twenty one million, six hundred and seven thousand, five hundred naira) representing 67,000 liters of diesel, at the same rate, unaccounted for.

The above anomalies could be attributed to weaknesses in the internal control system at Abuja Geographic Information System.

Risks

i. Possibility of Fraud.
ii. Misapplication of public fund.
iii. Diversion of diesel for personal use.

Management's Response

The amount above relates to purchase of diesel supply. The diesel supply amounting to ₦21,607,500.00 referred to in the Audit report are diesel supply paid for in our parent office (Treasury), these payments are recorded in the vote book of Treasury.

Auditor's Evaluation

Audit notes the Management's response to the issues raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦21,607,500.00 (Twenty one million six hundred and seven thousand five hundred naira), being payment for diesel not recorded in the vote book and accounted for.

ii. Recover and remit to the Treasury, the sum of ₦21,607,500.00.
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 spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

FCT HEALTH AND HUMAN SERVICES SECRETARIAT

At the Federal Capital Territory Health and Human Services Secretariat, the following observations were made:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦7,667,040.00)

Description of Findings
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. Payments amounting to ₦7,667,040.00 (Seven million, six hundred and sixty seven thousand, forty naira) were made by the Secretariat for the purchase of store items between January and December, 2021, and
ii. There was no evidence that the items procured were taken on ledger charge.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Health and Human Services Secretariat, Abuja.

Risks
i. Waste of government funds.
ii. Diversion of public funds.
iii. Payment for items not supplied.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Honourable Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, why store items procured for ₦7,667,040.00 (Seven million, six hundred and sixty seven thousand, and forty naira) were not taken on ledger charge.
ii. Account for the sum of ₦7,667,040.00 (Seven million, six hundred and sixty seven thousand, and forty naira) paid for store items not taken on ledger charge.
iii. Recover and remit to the Treasury, the sum of ₦7,667,040.00.
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.

ISSUE 2: PAYMENT VOUCHERS NOT PRESENTED FOR AUDIT EXAMINATION (=₦14,671,814.06)

Description of Findings

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”. Furthermore 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. Twenty two (22) paid vouchers amounting to ₦14,671,814.06 (Fourteen million, six hundred and seventy one thousand, eight hundred and fourteen naira, six kobo) were entered into the cashbooks of the Secretariat, and
ii. The paid vouchers were not presented for audit check contrary to the above extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Health and Human Services Secretariat, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Honourable Secretary should be requested to:
i. Account for the sum of ₦14,671,814.06 (Fourteen million, six hundred and seventy one thousand, eight hundred and fourteen naira, six kobo) being payments made without raising payment vouchers.
ii. Recover and remit to the Treasury, the sum of ₦14,671,814.06
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: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦15,543,550.00)

Description of Findings
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. Payments amounting to ₦15,543,550.00 (Fifteen million, five hundred and forty three thousand, five hundred and fifty naira) were expended on the procurement of various goods and services, and
ii. The payments were not supported by relevant documents which 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 the FCT Health and Human Services Secretariat, Abuja.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Honourable Secretary should be requested to:

i. Account for the sum of ₦15,543,550.00 (Fifteen million, five hundred and forty three thousand, five hundred and fifty naira) paid to different beneficiaries without justification.
ii. Recover and remit to the Treasury, the sum of ₦15,543,550.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4 NON-UPDATING OF NEW FIXED ASSETS PURCHASED INTO THE NON-CURRENT (FIXED) ASSET REGISTER (=₦13,766,733.79)

Description of Findings

Paragraph 2209 of the Financial Regulation (FR), 2009 states, “Every item of plant shall be numbered in a series to be recorded in a register at the headquarters of a ministry/extra-ministerial office and other arms of government concerned with the acquisition and issue of the plant. The appropriate series and number shall be inscribed on the equipment.” Also, International Public Sector Accounting Standard (IPSAS), 17 requires that government entities should disclose their net worth on accrual basis of accounting principle showing their non-current assets to enable the users of financial statements discern information about an entity’s investment in its Property Plant and Equipment (PPE) and any changes in such investments.

Audit observed that:

i. Additional fixed assets amounting to ₦13,766,733.79 (Thirteen million, seven hundred and sixty six thousand, seven hundred and thirty three naira, seventy nine kobo) were acquired by the Secretariat during the period under review, and
ii. The newly acquired assets were not recorded in the fixed assets register of the Secretariat.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Health and Human Services Secretariat, Abuja.

Risks

i. Misstatement of the value of assets.
ii. Diversion of public funds.
iii. Loss of Asset.

Management’s Response

No response.

Auditor’s Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Honourable Secretary should be requested to:

i. Provide Justification to the Public Accounts Committees of the National Assembly, for not updating and maintenance of fixed assets register.
ii. Provide the updated fixed assets register of the Secretariat to the Public Accounts Committees of the National Assembly.
iii. Account for the asset valued at ₦13,766,733.79 (Thirteen million, seven hundred and sixty six thousand, seven hundred and thirty three naira, seventy nine kobo), and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 5: NON-PAYMENT OF 2017 - 2021 CONCESSIONING FEE OF KARU GENERAL HOSPITAL (=₦850,000,000.00)

Description of Findings

Paragraph 224(ii) & (iii) of Financial Regulations (FR), 2009 states, "All services rendered by government must be paid for immediately on completion of the service. Where possible, payment may be made in advance. Where payment is outstanding a system of following-up by means of reminders and final demand through courier service shall be made. Printed pro-form as should be used for this purpose, and definite instructions will be laid down by Accounting Officers in Ministries, Extra-Ministerial offices and other Arms of Government for the reporting of outstanding arrears at an early date to a designated officer for a decision as to the action necessary to enforce payment, e.g. legal action". Also, paragraph 230(i) of the FR, 2009 states, "Arrears of Revenue returns must include all arrears for which the Accounting Officer is responsible to collect and not merely the arrears in respect of Headquarters only. Heads of Department/Division should be notified of any amount collectable by their department officers".

Audit observed that:

i. The sum of ₦170,000,000.00 (One hundred and seventy million naira) was the yearly concession fee of Karu General Hospital to private hospital.
ii. The Concessionaire failed to pay to the Secretariat the sum of ₦170,000,000.00 for the yearly concession fee for upward of 5 years, i.e. 2017 to 2021, thus bringing outstanding concession fee to ₦850,000,000.00, and
iii. No reason was given by the Secretariat for the failure of the Concessionaire to pay the concession fee despite the continuous usage of the facilities by the Concessionaire.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Health and Human Services Secretariat, Abuja.

Risks

i. This can result in the concession fee becoming bad debt.
ii. Loss of revenue to government.

Management's Response
No response.
Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Honourable Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦850,000,000.00 (Eight hundred and fifty million naira), being unpaid five (5) year arrears of concession fee.
ii. Recover and remit to the Treasury, the sum of ₦850,000,000.00.
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 in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: NON-RECOVERY OF OUTSTANDING DEBT FROM HOSPITALS FOR DRUGS PURCHASED (=₦1,169,706,287.03)

Description of Findings
Paragraph 224(ii& iii) of the Financial Regulations (FR), 2009 states, "All services rendered by government must be paid for immediately on completion of the service. Where possible, payment may be made in advance. Where payment is outstanding a system of following-up by means of reminders and final demand through courier service shall be made. Printed pro-form as should be used for this purpose, and definite instructions will be laid down by Accounting Officers in Ministries, Extra-Ministerial offices and other Arms of Government for the reporting of outstanding arrears at an early date to a designated officer for a decision as to the action necessary to enforce payment, e.g. legal action". Also, paragraph 230(iii) of the FR, 2009 states, "Arrears of Revenue returns must include all arrears still outstanding from previous years if not written off."

Audit observed that:
i. The sum of ₦1,169,706,287.03 (One billion, one hundred and sixty nine million, seven hundred and six thousand, two hundred and eighty seven naira, three kobo) was owed to the Central Medical Store, Abuja by Federal Capital Territory (FCT) District & General Hospitals as at the end of the 2021 financial year, and
ii. The amount in (i) above represented the outstanding debt for over four (4) years of purchases from the Central Medical Store by the Hospitals.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Health and Human Services Secretariat, Abuja.

Risks
i. Loss of government fund
ii. Difficulty with sustaining Drug Revolving Fund.

Management's Response
No response.
Recommendations
The Honourable Secretary should be requested to:
i. Recover and remit to the Treasury, the sum of ₦1,169,706,287.03 (One billion, one hundred and sixty nine million, seven hundred and six thousand, two hundred and eighty seven naira, three kobo) being outstanding debt owed the Central Medical Store.
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 in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

FCT- SECONDARY EDUCATION BOARD

At the Federal Capital Territory Secondary Education Board, Abuja, the following observations were made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦5,327,000.00)

Description of Findings
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) cash advances amounting to ₦5,327,000.00 (Five million three hundred and twenty seven thousand naira) that were granted to officers of the Board in 2021 remained unretired as at the time of audit, and
ii. There was no justification provided for the non-retirement of the cash advances which were meant for maintenance of motor vehicle, repairs of vehicle and monitoring and evaluation of schools.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Secondary Education Board, Abuja.

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

Management's Response
The management noted this and directed that the beneficiaries should urgently retired those advances listed above and which are yet to be retired as at the time of writing this report.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Director of the Board 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 ₦5,327,000.00 (Five million three hundred and twenty seven thousand naira).
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 2: IMPROPER RETIREMENT OF CASH ADVANCES (=₦4,123,500.00)

Description of Findings
Paragraph 1011(i) 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.''

Audit observed that:

i. Twenty one (21) Adjustment Vouchers amounting to ₦4,123,500,00 (Four million, one hundred and twenty three thousand, five hundred naira) for the retirement of cash advances had no attachment of relevant documents such as Store Receipt Voucher, cash receipt and other supporting documents, and
ii. The non-attachment of relevant documents made it impossible to confirm the authentication and completeness of the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Secondary Education Board, Abuja.

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

Management's Response
The observation was noted by the management.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Director of the Board should be requested to:

i. Provide Justification to the Public Accounts Committees of the National Assembly for the improper retirement of the cash advances.
ii. Provide adjustment vouchers and other relevant supporting documents to retire the sum of ₦4,123,500,00 (Four million one hundred and twenty three thousand and five hundred Naira).
iii. Recover and remit to Treasury, the sum of ₦4,123,500,00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. 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.

SECTION 6
FEDERAL MEDICAL CENTRES AUDIT DEPARTMENT

FEDERAL MEDICAL CENTRE, ABEOKUTA, OGUN STATE.

At the Federal Medical Centre, Abeokuta, for the period January to December, 2020, the following observations were made:

ISSUE 1: PAYMENTS OF UNAPPROVED ALLOWANCES TO STAFF (=₦8,958,000.00)

Description of Findings

The Establishment Circular with Ref. No. SWC/S/04/S.100/11/403 dated 18th January, 2007 stipulates that the items consolidated with the basic salary are transport allowance, rent allowance, meal subsidy, utility, leave grant, among others. 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 Centre paid the sum of ₦8,958,000.00 (Eight million, nine hundred and fifty eight thousand naira) as allowance for fuel, telephone, responsibility and inconvenience on monthly basis without the approval of the National Salaries, Income and Wages Commission between 1st January and 31st December, 2020, and
ii. The payment was made to the staff in the period under review in violation of the above regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Abeokuta.

Risks

i. Loss of government funds.
ii. Misapplication of funds.

Management's Response

The Hospital management approved the payment of allowances to officers who go extra mile in the discharge of their duties. Cost of fueling of personal vehicle or sometimes official vehicles in the discharge of official responsibility is one of such, use of personal telephone is inevitable in a hospital setting like ours. Hence the Management approved such allowance for the smooth running of the hospital.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦8,958,000.00 (Eight million, nine hundred and fifty eight thousand naira) being payment of unapproved allowances to staff.
ii. Recover and remit to the Treasury, the sum of ₦8,958,000.00.
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, 2009 respectively, should apply.

ISSUE 2: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦17,056,000.00)

Description of Findings

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, section 41(2) of the Public Procurement Act, 2007 states “Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers.” Furthermore, paragraph 2937 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 sum of ₦17,056,000.00 (Seventeen million, fifty six thousand naira) was paid to two (2) companies for the purchase of Diesel (AGO) in 2020.
ii. The two (2) companies that bid for the contract were owned by the same contractor in violation of the Procurement Act, 2007 that specified quotations from at least three (3) unrelated bidders.
iii. Evidence of procurement due process such as competitive bidding was not made available to the auditors, and
iv. Due process Certificate of “No Objection” from the Bureau of Public Procurement for adoption of a different procurement method was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Abeokuta.

Risks

i. Loss of value for money.
ii. Waste of government funds.

Management's Response

During the COVID-19 lockdown, observation of the procurement process was difficult to observe as even related agencies like Tax Offices were not functional, so management decided to use existing contractors to resupply in areas they have supplied before. Abishai and Hasnat must have made supplies to the Hospital in the past on separate occasions hence the observed anomaly. Lockdown was obviously the cause of non-adherence to due process on this occasion. Letters of award of contract exist but were

not attached to the payment voucher because of the volume that were involved, the same for Letter of Acceptance.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦17,056,000.00 (Seventeen million, fifty six thousand naira), being irregular payments.
ii. Recover and remit to the Treasury, the sum of ₦17,056,000.00.
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 3: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦68,128,833.34)

Description of Findings

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 ₦68,128,833.34 (Sixty eight million, one hundred and twenty eight thousand, eight hundred and thirty three naira, thirty four kobo) granted as cash advances were yet to be retired.
ii. The above amounts were granted as cash advances to staff of the Centre between 3rd January and 15th December, 2020 in excess of the stipulated threshold, and
iii. These cash advances deprived the government of revenue totalling ₦9,197,392.50 (i.e. ₦5,109,662.50 + ₦3,406,441.67 + ₦681,288.33) 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 the internal control system at the Federal Medical Centre, Abeokuta.

Risks

i. Loss of government funds.
ii. Loss of revenue.

Management's Response

These are purchases that are of daily needs and procured as the need arises. The ₦200,000.00 benchmark was exceeded in this set of items because of the general inflation in the country, most items that are purchased has been affected by a double-digit inflation. Management will however continue to abide by the rules.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦68,128,833.34 (Sixty eight million, one hundred and twenty eight thousand, eight hundred and thirty three naira, thirty four kobo) paid above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦68,128,833.34.
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.

FEDERALMEDICAL CENTRE, AZARE, BAUCHI STATE

At the Federal Medical Centre, Azare, the following observations were made:

ISSUE 1: NON-REVALIDATION OF PAYMENT VOUCHERS (=₦4,310,235.00)

Description of Findings

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. Five (5) paid vouchers from the Capital Development Fund amounting to ₦4,310,235.00 (Four million, three hundred and ten thousand, two hundred and thirty five naira) were paid to five (5) beneficiaries between September and October, 2021.

ii. The vouchers in (i) above were processed for payment on stale approvals without revalidation, and
iii. The genuineness of the transactions leading to the payments could not be ascertained.

The above anomalies could be attributed to the weakness in the internal control system at the Federal Medical Centre Bida.

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

Management's Response
Actually, these payments were certified by the authorizing officer as provided in FR 611, only that we are used to six months period before payment vouchers becomes stalled. Management has fully noted this and immediate implementation of the three (3) months period to re validated payment vouchers as rightly observed.

Auditor's evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the reasons why payment vouchers were processed and paid without revalidation,
ii. Account for the sum of ₦4,310,235.00 (Four million, three hundred and ten thousand, two hundred and thirty five naira).
iii. Recover and remit to the Treasury, the sum of ₦4,310,235.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, apply sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations.

ISSUE 2: NON-DEDUCTION OF 1% STAMP DUTY ON CONTRACT (=₦1,830,265.82)

Description of Findings
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 Centre failed to deduct 1% Stamp Duty totalling ₦1,830,265.82 (One million, eight hundred and thirty thousand, two hundred and sixty five naira, eighty two kobo) from contracts awarded in 2021, and
ii. There were no justifiable reasons provided for the failure to deduct the 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Azare.

Risks

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

Management's Response

Management has admitted its faults for not attaching the evidence of stamp duty deduction in the payment vouchers.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account for the sum of ₦1,830,265.82 (One million, eight hundred and thirty thousand, two hundred and sixty five naira, eighty two kobo), being the 1% Stamp Duty for contracts awarded during the year.
ii. Recover and remit to the Treasury, the sum of ₦1,830,265.82.
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: NON-DEDUCTION OF STATUTORY TAXES (=₦1,234,637.00)

Description of Findings

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 same time the payee who is the subject of the deduction is paid."

Audit observed that:

i. The sum of ₦11,335,700.00(Eleven million, three hundred and thirty five thousand, seven hundred naira) was paid for various contracts through four (4) paid vouchers between April and August, 2021, and
ii. The Centre failed to deduct and remit the sum of ₦1,234,637.00 (One million, two hundred and thirty four thousand, six hundred and thirty seven naira) as statutory taxes (VAT and WHT) from the payments to contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Azare.

Risks

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

Management's Response

It was admitted the auditors didn't sight the evidence of deduction. Now we have implemented the Audit observations.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦11,335,700.00 (Eleven million, three hundred and thirty five thousand, seven hundred naira) being non-deducted VAT and WHT.
ii. Recover and remit to the Treasury, the sum of ₦11,335,700.00.
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 prescribed in paragraph 3112 of the Financial Regulations (FR), 2009 should apply.

FEDERAL MEDICAL CENTRE, BIDA, NIGER STATE

At the Federal Medical Centre, Bida, the following observations were made:

ISSUE 1: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦10,082,853.97)

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 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. Seven (7) payments amounting to ₦10,872,853.97 (Ten million, eight hundred and seventy two thousand, eight hundred and fifty three naira, ninety seven kobo) were made between March and November, 2021. However, the paid vouchers were not presented for audit examination, and
ii. There was no justification provided for the expenditure of ₦10,872,853.97 without raising paid vouchers.

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. Duplication of payments.

Management's Response

The Centre wishes to state that there were misfiling of vouchers by the Auditors from Federal Ministry of Health who worked on the documents shortly before the 2021 periodic checks.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account for the sum of ₦10,872,853.97 (Ten million, eight hundred and seventy two thousand, eight hundred and fifty three naira, ninety seven kobo) paid without raising paid vouchers.
ii. Recover and remit to Treasury, the sum of ₦10,872,853.97.
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 2: PAYMENT OF SALARY TO EXITED STAFF MEMBERS (=₦18,001,785.51)

Description of Findings

Paragraph 020810 (i& ii) of the Public Service Rule (PSR), 2008 states, "The compulsory retirement age for all grades in the Service shall be 60 years or 35 years of pensionable service whichever is earlier. No officer shall be allowed to remain in service after attaining the retirement age of 60 years or 35 years of pensionable service whichever is earlier." Also, paragraph 1507 (i) of the Financial Regulations (FR) 2009 states "The officer controlling expenditure shall promptly be informed of any variation or contingency likely to affect officers' salary such as death, resignation, interdiction, suspension, dismissal, in order that instructions to withhold pay may be issued without delay. Furthermore, paragraph 1507(ii) of the FR, 2009 states, "An officer who first receives information about the resignation, termination, dismissal, death, withdrawal or retirement, of another officer shall pass the information promptly by submitting a copy of such letter/ notice to the Accounts Department for the salary of officer to be stopped. The original letter/notice of such information shall be endorsed to the effect that a copy has been sent to the Accounts Department."

Audit observed that:

i. Fifteen (15) staff of the Centre who exited the service were paid salaries amounting to ₦18,001,785.51 (Eighteen million, one thousand, seven hundred and eighty five naira, fifty one kobo), and
ii. The continuous payment of salaries despite the fact that the staff had exited from the service of Centre as a result of death, retirement/resignation and termination violates the above stated regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

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

Management's Response

The Centre wish to state that the above observation was misconstrued as the salaries of the exited staff were stopped as at when due.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦18,001,785.51 (Eighteen million, one thousand, seven hundred and eighty five naira, fifty one kobo) to exited staff.

ii. Recover the sum of ₦18,001,785.51 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, apply sanctions relating to irregular payment, failure to manage public funds effectively and failure to convey information promptly specified in paragraphs 3106, 3115 and 1508 of in Financial Regulations, 2009 respectively, should apply.

ISSUE 3: MAPPING OF MULTIPLE EMPLOYEES TO THE SAME NAME AND IPPIS NUMBER (=₦13,807,523.48)

Description of Findings

Paragraph 1501 of the Financial Regulations (FR) 2009, states "Salary is the personal emolument paid to an employee of an organisation, usually monthly for services rendered at a predetermined rate of pay." Also, paragraph 1504 of the FR, 2009 states "Salaries and allowances which are based on an annual rate shall be paid by monthly instalment 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. Twenty (20) different employees were mapped to the same name and IPPIS number, and
ii. Three (3) sample names out of the 20 employees from the nominal roll represented officers with the same IPPIS number who were paid the sum of ₦13,807,523.48 (Thirteen million, eight hundred and seven thousand, five hundred and twenty three naira, forty eight kobo) between January and December, 2021 contrary to the provision of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Misappropriation of funds.
ii. Payment of ghost workers.
iii. Loss of confidence in staff emolument costs.

Management's Response

The Centre wishes to state that the observation of multiple employees with the same IPPIS account was due to mix-up of IPPIS nos. on the nominal roll use during the periodic check. We also wish to categorically mention that the Centre did not have any ghost worker in her payroll.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of National Assembly, the sum of ₦13,807,523.48 (Thirteen million, eight hundred and seven thousand, five hundred and twenty three naira, forty eight kobo) paid to ghost workers in the Centre.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,807,523.48.
iii. Carry out immediate review of nominal rolls by organising personnel audit and furnish the Public Accounts Committees of the National Assembly with the report.
iv. Recover and remit to the Treasury, the sum of ₦13,807,523.48.
v. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
vi. Otherwise, sanctions relating to gross misconduct and payment of public fund to ghost-workers specified in paragraph 3129 and 3110 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: UNRETIRED CASH ADVANCES (=₦58,034,313.54)

Description of Findings

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 five (35) officers of the Centre were granted cash advances totalling ₦58,034,313.54 (Fifty eight million, thirty four thousand, three hundred and thirteen naira, fifty four kobo).
ii. The advances granted to the officers between January and December, 2021 remained unretired as at the time of audit in May, 2022, and
iii. Four officers were granted multiple cash advances without retiring previous ones.

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 of public funds.

Management's Response

This is to state that Management observed an arithmetic error on the above stated value as Dr. F. B. Adewale had never been advances the sum of ₦27,061,656.77. The available record revealed that the unretired cash advance against his name is less than ₦200,000.00. Please note that most of the 2022 advances were also added to the year 2021.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦58,034,313.54 (Fifty eight million, thirty four thousand, three hundred and thirteen naira, fifty four kobo), being unretired advances.
ii. Recover and remit to the Treasury, the sum of ₦58,034,313.54.
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 and 3124 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: DISCREPANCY IN INTERNALLY GENERATED REVENUE RECORDS (=₦4,414,693.00)

Description of Findings

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 Centre's Internally Generated Revenue Statement and Cashier/Supervisor Registers revealed variances amounting to ₦4,414,693.00 (Four million, four hundred and fourteen thousand, six hundred and ninety three naira) between the actual figure of collections from patients and amount reported by the Revenue Unit in the Finance and Account Department for the year 2021, and
ii. Repeated requests by Audit to get the reasons for the discrepancies of ₦4,414,693.00 were unsuccessful.

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 budget.

Management's Response

The Centre had meticulously gone through the source document for the revenue and wish to state that this observation reflects the refunds of money to patient/patients relations for services not rendered but was paid for by the patients.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,414,693.00 (Four million, four hundred and fourteen thousand, six hundred and ninety three naira) being discrepancies in the internally generated revenue in 2021.
ii. Recover and remit to the Treasury, the sum of ₦4,414,693.00.
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 prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 7: DISCREPANCY BETWEEN REVENUE COLLECTION AND REMITTANCE (=₦109,836200.00)

Description of Findings

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 Centre's Internally Generated Revenue Statement Inflow Statement, Cashiers Lodgement Records and Patients Sales Records revealed a variance of

₦107,836,200.00 (One hundred and seven million, eight hundred and thirty six thousand, two hundred naira) between January and December, 2021.

ii. The comparison of the Sales figures collected from Patients and Actual Deposits to the TSA through the REMITA Retrieval Reference Number (RRR) by the Central Cashier revealed the difference in (i) above, and

iii. Repeated requests by audit to get the causes of the discrepancies of ₦107,836,200.00 were unsuccessful.

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 budget.

Management's Response

The Audit trail of revenue was carried out base on your observations viz-a-viz the RRR file presented, it was discovered that there were some omissions and misfiling of RRR documents. However, evidence of RRR not sighted and the CBN bank statements for the period under review are available.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the discrepancies in the internally generated revenue records amounting to ₦107,836,200.00 (One hundred and seven million, eight hundred and thirty six thousand, two hundred naira).
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦107,836,200.00.
iii. Recover and remit to the Treasury, the sum of ₦107,836,200.00.
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, and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 8: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦9,074,413.96)

Description of Findings

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 Centre 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) as Non-Revolving Internally Generated Revenue (IGR) in 2021, out of which the sum of ₦13,721,922.50 (Thirteen million, seven hundred and twenty one thousand, nine hundred and twenty two naira, fifty kobo), being 25% of the IGR was expected to be remitted to the Consolidated Revenue Fund (CRF) of the Federal Government.
ii. The sum of ₦5,242,508.54 (Five million, two hundred and forty two thousand, five hundred and eight naira, fifty four kobo) was remitted to the Federal Government, leaving the sum of ₦9,074,413.96 (Nine million, seventy four thousand, four hundred and thirteen naira, ninety six kobo) as unremitted IGR, and
iii. Evidence of the remittance of ₦9,074,413.96 to the CRF, being 25% of the IGR in (ii) above, 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 government funds.
ii. Inability to fund the government budget.
iii. Diversion of public funds.

Management's Response

Hospital Services revenue is a revolving Fund catering for consumables for day to day running of clinical activities which in most cases operate at loss due to inflationary cost of items that are not at par with the hospital charges owing to so many factors such as; environmental, government policies to mention but few. However, the non-revolving revenues whose 25% is remittable to CRF for the year under review was done.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,074,413.96 (Nine million, seventy four thousand, four hundred and thirteen naira, ninety six kobo) being unremitted IGR.
ii. Remit the sum of ₦9,074,413.96 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 9: IRREGULAR PAYMENTS OF HONORARIUM TO STAFF OF THE CENTRE (=₦9,983,977.43)

Description of Findings

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. Thirteen (13) payments totalling ₦9,983,977.43 (Nine million, nine hundred and eighty three thousand, nine hundred and seventy seven naira, forty three kobo) were paid as honorarium and sitting allowance to staff between February and December, 2021, and
ii. The honorarium in (i) above were paid to staff of the Centre for activities performed during their normal working time contrary to the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Waste of government funds.
ii. Misapplication of funds.

Management's Response

The Management noted this observation and had directed the Secretary of the Board to do the needful.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦9,983,977.43 (Nine million, nine hundred and eighty three thousand, nine hundred and seventy seven naira, forty three kobo) being irregular payment of honorarium to staff.
ii. Recover and remit to the Treasury, the sum of ₦9,983,977.43.
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 (FR), 2009 respectively, should apply.

ISSUE 10: DIVERSION OF INTERNALLY GENERATED REVENUE (IGR) MEANT FOR CONSOLIDATED REVENUE FUND (CRF) (=₦17,575,143.80)

Description of Findings

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, 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 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." In addition, 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 Centre diverted the sum of ₦17,575,143.80 (Seventeen million, five hundred and seventy five thousand, one hundred and forty three naira, eighty kobo) from Internally General Revenue into a private account number 2087486302 of a bank, contrary to extant regulations, and
ii. The account was used in transferring public funds for various transactions such as Construction of ENT Building, Advance for the Provision of Furniture, Advance Construction of Kitchen/Eatery, refund of out-of-pocket expenses etc.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Fictitious expenditures.
ii. Loss of Government revenue.

Management's Response

These were advances to hospital standing committees for quick interventions to avoid service failure. However, it is worthy of mentioning that any advance to the standing committee that is above ₦200,000.00 is usually paid through the cash officer who is also a member of the standing committee. Attached is the evidence of retirements for such advances.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the transfer of ₦17,575,143.80 (Seventeen million, five hundred and seventy five thousand, one hundred and forty three naira, eighty kobo) from the Center's Internally General Revenue into a private account.
ii. Account for the sum of ₦17,575,143.80.
iii. Recover and remit the sum of ₦17,575,143.80 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 11: CASH ADVANCES GRANTED TO STAFF IN EXCESS OF ₦200,000.00 THRESHOLD (=₦33,855,092.97)

Description of Findings

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 ₦33,855,092.97 (Thirty three million, eight hundred and fifty five thousand, ninety two naira, ninety seven kobo) was granted as non-personal advances to eight (8) staff of the Centre between January and December, 2021 for purchases and other services.
ii. The advances were in excess of the approved threshold of ₦200,000.00 (Two hundred thousand naira), thereby, circumventing procurement procedures, and
iii. Government was deprived of revenue of ₦4,570,437.55 (Four million, five hundred and seventy thousand, four hundred and thirty seven naira, fifty five kobo) that would have accrued to it from deduction of VAT, WHT and Stamp Duty if procurements were done through award of contracts.

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 budget.

Management's Response

Management has taken note of this observation and would adhere to the government rules guiding local procurement of stores and services. Please note that most of these expenditures were due to exigencies of time to forestall service delivery.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of ₦33,855,092.97 (Thirty three million, eight hundred and fifty five thousand, ninety two naira, ninety seven kobo) as advances instead of award of contracts.
ii. Recover the sum of ₦33,855,092.97 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 11: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (₦70,652,146.11)

Description of Findings

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. Seventeen (17) payment vouchers totalling ₦70,652,146.11 (Seventy million, six hundred and fifty two thousand, one hundred and forty six naira, eleven kobo) were raised and paid between February and August, 2021, and
ii. Relevant supporting documents such as Store Receipt Vouchers, invoices, award letters, Certificates of Job Completion, Receipts, etc. were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at The Federal Medical Centre, Bida.

Risks

i. Payments for unapproved expenditures.
ii. Payment for items not procured/services not rendered.
iii. Diversion of public funds.

Management's Response

As observed, please find evidence of supporting documents for your perusal.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦70,652,146.11 (Seventy million, six hundred and fifty two thousand, one hundred and forty six naira, eleven kobo) being payment without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦70,652,146.11.
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 12: EXTRA-BUDGETARY EXPENDITURE (=₦7,041,504.00)

Description of Findings

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:

iii. The sum of ₦13,040,270.00 (Thirteen million, forty thousand, two hundred seventy naira) was expended on Honorarium, Financial Consultants and Local Travel Transport and others as against ₦5,998,766.00 (Five million, nine hundred and ninety eight thousand, seven hundred and sixty six naira) which was appropriated in Overhead (sub-head) for the year 2021, and

iv. The payment in (i) above led to an extra budgetary amount of ₦7,041,504.00 (Seven million, forty one thousand, five hundred and four naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Bida.

Risks

i. Non-implementation of key programmes captured in the budget.
ii. Diversion of public funds.

Management's Response

Our record did not reveal extra budgetary expenditure on 2021 overhead, the 2021 overhead appropriation and releases are hereby attached.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,041,504.00 (Seven million, forty one thousand, five hundred and four naira) being extra-budgetary expenditure without approval.
ii. Recover and remit the sum of ₦7,041,504.00 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 13: PAYMENTS MADE BEFORE RAISING PAID VOUCHERS AND WITHOUT PRE-PAYMENT AUDIT (=₦15,037,417.27)

Description of Findings

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. Seven (7) payment vouchers amounting to ₦15,037,417.27 (Fifteen million, thirty seven thousand, four hundred and seventeen naira, twenty-seven kobo) in respect of tax were raised and paid between November and December 2021, and
ii. None of the payment vouchers was pre-audited or checked by the Internal Audit Department of the Centre 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

ii. Diversion of public funds.
ii. Misappropriation of government funds.

Management's Response

Attached are the evidences of taxes as audited for your perusal.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,037,417.27 (Fifteen million, thirty seven thousand, four hundred and seventeen naira, twenty-seven kobo) paid without pre-payment audit and raising of payment vouchers,
ii. Recover and remit the sum of ₦15,037,417.27 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 14: CONTRACT AWARD WITHOUT DUE PROCESS (=₦28,664,416.62)

Description of Findings

Section 20 (2) of the Public Procurement Act (PPA), 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…" Also, section 24(1) of the 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." 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 with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. Twenty nine (29) payments amounting to ₦28,664,416.62 (Twenty eight million, six hundred and sixty four thousand, four hundred and sixteen naira, sixty two kobo) were made to fourteen (14) contractors for the procurement of drugs to the Centre, and
ii. Evidence of open competitive bidding such as newspaper advertisement, quotation of other bidders, technical evaluation report, etc, were not presented 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. Diversion of public funds.

Management's Response

The Payments were made based on an established MoU between the Hospital and the Companies and thus, letters of contract award/ job order for the supplies had been taken care of by the MoU.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦28,664,416.62 (Twenty eight million, six hundred and sixty four thousand, four hundred and sixteen naira, sixty two kobo) on contract awarded without due process.
ii. Recover and remit to the Treasury the sum of ₦28,664,416.62.
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 15: AWARD OF CONTRACTS ABOVE THE THRESHOLD OF THE MEDICAL DIRECTOR (=₦9,900,000.00)

Description of Findings

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

Audit observed that:

i. The Medical Director approved the award of contracts totalling ₦9,900,000.00 (Nine million nine hundred thousand naira).
ii. As at the time of audit in 2022, the approval granted for each of the contracts by the Medical Director was above the prevailing threshold of ₦2,500,000.00 (Two million, five hundred thousand naira), and
iii. The contracts of such magnitude should have passed through the Centre's Tenders Board 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. Misapplication of public funds.
ii. Diversion of public funds.

Management's Response

The said contracts were duly approved by the Tender's Board.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director 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 ₦9,900,000.00 (Nine million nine hundred thousand naira) being the award of contracts above the Medical Director's approval threshold.

iii. Recover and remit the sum of ₦9,900,000.00 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 16: NON-REVALIDATION OF PAYMENT VOUCHERS (=₦285,343,470.99)

Description of Findings

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. Eight (8) paid vouchers from the Capital Development Fund amounting to ₦285,343,470.99 (Two hundred and eighty five million, three hundred and forty three thousand, four hundred and seventy naira, ninety nine kobo) were processed for payment on stale approvals without revalidation, and
ii. There was no evidence of appropriation for the contract. Hence, the genuineness of the payments could not be ascertained.

The above anomalies could be attributed to the weakness in the internal control system at the Federal Medical Centre Bida.

Risks

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

Management's Response

Please find attached approvals to proof the genuineness of the payments for verification.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, why paid vouchers were processed without revalidation.
ii. Account for the sum of ₦285,343,470.99 (Two hundred and eighty five million, three hundred and forty three thousand, four hundred and seventy naira, ninety nine kobo).
iii. Recover and remit to the Treasury, the sum of ₦285,343,470.99.
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 17: IRREGULARITIES IN THE UTILIZATION OF CAPITAL FUNDS (=₦1,359,173.34)

Description of Findings

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 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. On the Centre's Capital Development Fund/COVID-19 Intervention Project, the Parastatal Tenders Board approved the award of ₦134,893,359.00 (One hundred and thirty four million, eight hundred and ninety three thousand, three hundred and fifty nine naira) vide award letter reference number MD/FMCB/2020/COVID/VOL.I/011 dated 15th November, 2020 for the supply of medical equipment for ICU Lot I to the hospital.
ii. The Due Process No Objection granted by Bureau of Public Procurement for the supply of the medical equipment was for the sum of ₦133,534,185.66 (One hundred and thirty three million, five hundred and thirty four thousand, one hundred and eighty five naira, sixty six kobo), and
iii. Evidence of approval of the variations of ₦1,359,173.34 (One million, three hundred and fifty nine thousand, one hundred and seventy three naira, thirty four kobo) 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 Federal Medical Centre, Bida.

Risks

i. Abuse of procurement due process.
ii. Loss of Government funds.

Management's Response

The Contract award for the supply of medical equipment for ICU LOT I at the cost of ₦134,893,359.00 was part of COVID-19 emergency procurement event thought was above the approval limit of Parastatal Tenders Board, "DUE PROCESS NO OBJECTION" was granted by the Bureau of Public Procurement ratifying the procurement.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,359,173.34 (One million, three hundred and fifty nine thousand, one hundred and seventy three naira, thirty four kobo) being irregularities in the utilisation of capital funds.
ii. Provide the evidence of approval of the variations of ₦1,359,173.34 obtained from the BPP to the Public Accounts Committees of the National Assembly.
iii. Recover and remit to the Treasury, the sum of ₦1,359,173.34.
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 unauthorized variation prescribed in paragraphs 3106, 3115 and 3103, of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 18: MISAPPLICATION OF 2021 CAPITAL DEVELOPMENT FUNDS (=₦144,932, 697.67)

Description of Findings

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 of the Federation or any public fund of the Federation except in a manner prescribed by the National Assembly. 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 sum of ₦144,932,697.67 (One hundred and forty four million, nine hundred and thirty two thousand, six hundred and ninety seven naira, sixty seven kobo) was paid to some companies from the 2021 Appropriation, and
ii. The payments were made for the construction of a block of flats to accommodate six (6) two-bedroom flats on three floors and renovation of the pharmacy building and other offices at Federal Medical Centre, Bida which were not appropriated for the year under review.

The above anomalies could be attributed to the weakness in the internal control system of the Federal Medical Centre Bida.

Risks

i. Mismanagement of public fund.
ii. Projects may not be properly executed.
iii. Non-implementation of government budgetary plan.

Management's Response

The Payment of the sum of one hundred and forty-four million, nine hundred and thirty-two thousand, six hundred and ninety-seven naira, sixty kobo) ₦144,932,697.67) to Messrs. Ncheta Global Resources Ltd and Abumbarak Nig. Ltd was for the Construction

of 18nos 2 bedroom flat at the Permanent site which was capture under ERGP25114372 Development of Permanent Site while that of Abumbarak Nig. Ltd was for the renovation of Ward III under ERGP25155172 Renovation of Office Building and Wards.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦144,932,697.67 (One hundred and forty four million, nine hundred and thirty two thousand, six hundred and ninety seven naira, sixty seven kobo) for projects not appropriated for in the 2021 Appropriation Act.
ii. Recover the sum of ₦144,932,697.67 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 manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 19: PAYMENT FOR CONTRACTS NOT EXECUTED (=₦47,836,031.96)

Description of Findings

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(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 ₦47,836,013.96 (Forty seven million, eight hundred and thirty six thousand, thirteen naira, ninety six kobo) was paid for three (3) contracts for ICU Installation Equipment and Training of staff on the use of the Equipment, Supply of 60KVA Perkins Generator and Supply of 250KVA Diesel Generator and Power Backup 10KVA for Molecular Laboratory.
ii. There was no evidence to show that training of staff on the use of the equipment took place.
iii. The training attendance register attached to the voucher bears the name of another company different from the company that was awarded the contract.
iv. The number of participants for the training, consisting of doctors and nurses, was 24 persons but the attendance registers attached to the voucher showed that 43 to 99 officers attended, and

v. Store Receipt Vouchers and Store Issue Vouchers were not made available for the supply of the generators. It is therefore difficult to link the assets to the Centre.

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. Diversion of public funds.

Management's Response

The payment for the sum of ₦47,836,032.96 for the supply of 250KVA diesel generator and power back up and the Training of staff for the use of ICU equipment were part of COVID-19 intervention project.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦47,836,013.96 (Forty seven million, eight hundred and thirty six thousand, thirteen naira, ninety six kobo) for the contract not executed.
ii. Recover and remit to the Treasury, the sum of ₦47,836,013.96.
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, 2009 respectively, should apply.

ISSUE 20: DIRECT PROCUREMENT WITHOUT APPROVAL (=₦564,405,444.00)

Description of Findings

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 2937 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 six (6) contracts amounting to ₦564,405,444.00 (Five hundred and sixty four million, four hundred and five thousand, four hundred and forty four

naira) to five (5) contractors for the supply of Medical Equipment for Isolation Ward, Medical Equipment for ICU, Medical Oxygen Plant, Expansion of Isolation Ward, Consumables to Molecular Laboratory and Office Equipment and Furniture for Molecular Laboratory using direct procurement method, and

ii. Certificate of "No Objection" from the Bureau of Public Procurement for adoption of a different procurement method 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. Misappropriation of funds.
ii. Payment for job not executed.
iii. Diversion of public funds.

Management's Response

The Management noted this observation and wishes to forward relevant document to justify the above payment. Attached herewith are copies of award letter, approval of contract, contract agreement, PV, delivery note and final completion certificate for verification.

Auditor's evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦564,405,444.00 (Five hundred and sixty four million, four hundred and five thousand, four hundred and forty four naira) being award of contract through direct procurement method without approval.
ii. Recover and remit to the Treasury, the sum of ₦564,405,444.00.
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 21: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦647,710,870.07)

Description of Findings

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 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 Centre awarded and paid for forty three (43) contracts for construction and supplies from the 2021 appropriation amounting to ₦647,710,870.07 (Six hundred and forty seven million, seven hundred and ten thousand, eight hundred and seventy naira, seven kobo) without regard to due process as prescribed in the Public Procurement Acts (2007), and
ii. Relevant due process documents such as contract agreements signed by both parties, evidence of compliance with competitive bidding, procurement plan, unconditional bank guarantee or an insurance bond, valuation certificates before payment, progress report for all construction contracts before payment, Bill of Quantity (BOQ) etc. were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Medical Centre, Bida.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦647,710,870.07 (Six hundred and forty seven million, seven hundred and ten thousand, eight hundred and seventy naira, seven kobo) being payment without relevant procurement documents.
ii. Recover and remit to the Treasury the sum of ₦647,710,870.07.
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.

FEDERAL MEDICAL CENTRE, BIRNIN KEBBI, KEBBI STATE

At the Federal Medical Centre, Birnin Kebbi, for the period January to December, 2021, the following observations were made:

ISSUE 1: EXTRA-BUDGETARY EXPENDITURE (OVERHEAD) (=₦118,080,285.04)

Description of Findings

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 ₦202,635,241.04 (Two hundred and two million, six hundred and thirty five thousand, two hundred and forty one naira, four kobo) was spent by the Centre in 2021 under the Overhead allocation.
ii. The total approved budget was ₦84,554,956.00 (Eighty four million, five hundred and fifty four thousand, nine hundred and fifty six naira) as obtained from the 2021 Appropriation Act, and
iii. The above expenditure led to extra budgetary expenditure of ₦118,080,285.04 (One hundred and eighteen million, eighty thousand, two hundred eighty five naira, four kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Birnin Kebbi.

Risks

i. Diversion of public funds.
ii. Payment of unapproved expenditure.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director has been requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the contract award for the sum of ₦118,080,285.04 (One hundred and eighteen million, eighty thousand, two hundred eighty five naira, four kobo) without budgetary provision.

ii. Recover and remit to the Treasury, the sum of ₦118,080,285.04.
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: EXTRA-BUDGETARY EXPENDITURE (CAPITAL) (=₦1,286,865,554.66)

Description of Findings

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 ₦2,413,702,174.66 (Two billion, four hundred and thirteen million, seven hundred and two thousand, one hundred and seventy four naira, sixty six kobo) was spent by the Centre in 2021 under the Capital allocation.
ii. The total approved budget was ₦1,286,836,620.00 (One billion, two hundred and eighty six million, eight hundred and thirty six thousand, six hundred and twenty naira) as obtained from the 2021 Appropriation Act, and
iii. The above expenditure led to extra budgetary capital expenditure of ₦1,126,865,554.66 (One billion, one hundred and twenty six million, eight hundred and sixty five thousand, five hundred fifty four naira, sixty six kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Birnin Kebbi

Risks

i. Diversion of public funds.
ii. Payment of unapproved expenditure.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director has been requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the contract award for the sum of ₦1,126,865,554.66 (One billion, one hundred and twenty six

million, eight hundred and sixty five thousand, five hundred fifty four naira, sixty six kobo) without budgetary provision.

ii. Recover and remit to the Treasury, the sum of ₦1,126,865,554.66.

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 respectively, should apply.

ISSUE 3: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦5,217,000.00)

Description of Findings

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."

Audit observed that:

i. The sum of ₦5,217,000.00 (Five million, two hundred and seventeen thousand naira) was granted as non-personal advances to eight (8) staff of the Centre between March and April 2018 vide twenty five (25) paid vouchers for purchase and other 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 Centre resulted in the loss of ₦704,295.00 (Seven hundred and four thousand, two hundred and 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 Federal Medical Centre, Birnin Kebbi.

Risks

i. Loss of government revenue.

ii. Difficulty in funding budget.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,217,000.00 (Five million, two hundred and seventeen thousand naira) being payment to staff as cash advance above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦5,217,000.00.
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 4: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦3,260,050.00)

Description of Findings

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. Twenty nine (29) paid vouchers amounting to ₦3,260,050.00 (Three million, two hundred and sixty thousand, fifty naira) were raised between November and December, 2021 but were not audited before payments, and
ii. None of the payment vouchers was pre-audited or checked by the Internal Audit Department of the Centre as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Birin Kebbi.

Risks

i. Misapplication of public funds.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦3,260,050.00 (Three million, two hundred and sixty thousand, fifty naira) being payments without pre-payment audit.

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,260,050.00.
iii. Recover and remit to the Treasury, the sum of ₦3,260,050.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the 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, 2009 respectively, should apply.

ISSUE 5: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦9,444,377.30)

Description of Findings

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 amounting to ₦9,444,377.30 (Nine million, four hundred and forty four thousand, three hundred seventy seven naira, thirty kobo) claimed to have been procured were not taken on ledger charge, and
ii. Store Receipt Vouchers (SRVs) and Store Issued Vouchers (SIVs) were not raised and issued while the items were not entered into the store ledger.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Birnin Kebbi.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why store items procured for ₦9,444,377.30 (Nine million, four hundred and forty four

thousand, three hundred seventy seven naira, thirty kobo) were not taken on ledger charge.

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,444,377.30.

iii. Recover and remit to the Treasury, the sum of ₦9,444,377.30.

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.

ISSUE 6: DENIAL OF ACCESS TO FINANCIAL RECORDS

Description of Findings

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 expenditure component of the Center's Internally Generated Revenue (IGR) in the year 2021 was not made available for audit despite repeated requests, and

ii. The action of the Centre is in violation of the Constitution of the Federal Republic of Nigeria, 1999 (as amended).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Birnin Kebbi.

Risks

i. Loss of funds.

ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Account Committees of the National Assembly, the denial of access of documents to the Auditors.

ii. Provide to the Public Account Committees of the National Assembly, accounting records and other related documents on the expenditure component of the Centre's Internally Generated Revenue (IGR) in the year 2021, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 7: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦69,755,845.08)

Description of Findings

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 ₦69,755,845.08 (Sixty nine million, seven hundred and fifty five thousand, eight hundred and forty five naira, eight kobo) was paid, vide forty (40) paid vouchers to some members of staff and contractors for services rendered, and
ii. Relevant supporting documents such as evidence of invitation for the workshop, attendance certificates, evidence of travel, receipts, copies of advert publications, etc. were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Birnin Kebbi.

Risks

i. Loss of public funds.
ii. Payment for goods not delivered or services not rendered.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦69,755,845.08 (Sixty nine million, seven hundred and fifty five thousand, eight hundred and forty five naira, eight kobo) paid without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦69,755,845.08.
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 8: NON-RETIREMENT OF CASH ADVANCES (=₦2,983,036.30)

Description of Findings

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. Sixteen (16) cash advances totalling ₦2,983,036.30 (Two million, nine hundred and eighty three thousand, thirty six naira, thirty kobo) granted to staff of the Centre between January and December 2021 were yet to be retired as at the time of audit, contrary to the provisions of extant regulations, and
ii. There were multiple cases of cash advances without retiring previous ones.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Birnin Kebbi.

Risks

i. Diversion of public funds.
ii. Misapplication of funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦2,983,036.30 (Two million, nine hundred and eighty three thousand, thirty six naira, thirty six kobo) being non-retirement of the cash advances.
ii. Recover and remit to the Treasury, the sum of ₦2,983,036.30.
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: DISCREPANCIES IN INTERNALLY GENERATED REVENUE (IGR) RECORDS (=₦8,024,363.00)

Description of Findings

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. There were discrepancies between bank collections and cashier receipts amounting to ₦8,024,363.00 (Eight million, twenty four thousand, three hundred and sixty three naira) in the internally generated revenue in 2021, and
ii. Repeated requests by Audit to get the cause(s) of the discrepancies of ₦8,024,363.00 were unsuccessful.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Birnin Kebbi.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,024,363.00 (Eight million, twenty four thousand, three hundred and sixty three naira) being discrepancies in the internally generated revenue in 2021.
ii. Recover and remit to the Treasury, the sum of ₦8,024,363.00.
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 prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 10: NON-REVALIDATION OF PAYMENT VOUCHERS (=₦10,242,175.77)

Description of Findings

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, 2009 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. Three (3) payments amounting to ₦10,242,175.77 (Ten million, two hundred and forty two thousand, one hundred and seventy five naira, seventy seven kobo) were made from the Capital Development Fund, and
ii. The vouchers for the payments in (i) above were processed for payment on stale approvals without revalidation.

The above anomalies could be attributed to the weakness in the internal control system at the Federal Medical Centre, Birnin Kebbi.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why payment vouchers were processed and paid without revalidation.
ii. Account for the sum of ₦10,242,175.77 (Ten million, two hundred and forty two thousand, one hundred and seventy five naira, seventy seven kobo).
iii. Recover and remit to the Treasury, the sum of ₦10,242,175.77.
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 11: PAYMENTS NOT VOUCHED FOR (=₦6,664,195.81)

Description of Findings

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 802 of the FR, 2009 states, "A sub-accounting officer shall enter promptly into the cash book all sums of money received by him or paid by him as a public officer, supporting such entries by a receipt or payment voucher on the prescribed form."

Audit observed that:

i. The sum of ₦6,664,195.81 (Six million, six hundred and sixty four thousand, one hundred and ninety five naira, eighty one kobo) was paid to Heritage Bank as bank charges for cash collected on behalf of the Centre on twelve (12) different accounts for the period January to December, 2021 without vouchers being raised to that effect, and

ii. There were no payments recorded in any of the twelve (12) cashbooks in respect of Heritage Bank's cost of collection for the month of December, 2021. Therefore, it is not possible to attest if the payments were legitimate charges against public funds.

The above anomalies could be attributed to the weakness in the internal control system at the Federal Medical Centre, Birnin Kebbi.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account for the sum of ₦6,664,195.81 (Six million, six hundred and sixty four thousand, one hundred and ninety five naira, eighty one kobo) paid without paid vouchers.
ii. Recover and remit to the Treasury, the sum of ₦6,664,195.81.
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 MEDICAL CENTRE, EBUTE META, LAGOS STATE

At the Federal Medical Centre, Ebute Meta, for the period January to December, 2020, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (₦1,556,997.95)

Description of Findings

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 Centre realized a total of ₦17,984,499.32 (Seventeen million, nine hundred and eighty four thousand, four hundred and ninety nine naira, thirty two kobo) as non-revolving internally generated revenue for 2020.
ii. Out of the ₦17,984,499.32, the sum of ₦7,699,078.36 (Seven million, six hundred and ninety nine thousand, seventy eight naira, thirty six kobo) was expected to be remitted into the Consolidated Revenue Fund (CRF) of the Federal Government, being 25% of the amount generated as non-revolving internally generated revenue, and
iii. The Centre however, remitted the sum of ₦6,142,080.41 (Six million, one hundred and forty two thousand, eighty naira, forty one kobo), leaving an unremitted balance of ₦1,556,997.95 (One million, five hundred and fifty six thousand, nine hundred and ninety seven naira, ninety five kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Ebute Meta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly for the sum of ₦1,556,997.95 (One million, five hundred and fifty six thousand, nine hundred and ninety seven naira, ninety five kobo) being unremitted non-revolving internally generated revenue.
ii. Remit the sum of ₦1,556,997.95 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 account for government revenue prescribed in paragraphs 3112 of the Financial Regulations, 2009 should apply.

ISSUE 2: NON-DEDUCTION OF 1% STAMP DUTIES (₦617,427.66)

Description of Findings

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 ₦61,742,766.00 (sixty one million, seven hundred and forty two thousand, seven hundred and sixty six naira) was made as payments in respect of ten (10) contracts in 2020, and
ii. The payments in (i) above were not subjected to deduction of 1% stamp duty totalling ₦617,427,66 (Six hundred and seventeen thousand, four hundred and twenty seven naira, sixty six kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Ebute Meta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly why the sum of ₦617,427.66 (Six hundred and seventeen thousand, four hundred and twenty seven naira, sixty six kobo) being Stamp duty was unremitted to the appropriate tax authorities.
ii. Recover and remit to the relevant tax authorities, the sum of ₦617,427.66.
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 should apply.

ISSUE 3: UNRETIRED CASH ADVANCES (₦3,846,950.00)

Description of Findings

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. Twenty nine (29) cash advances amounting to ₦3,846,950.00 (Three million, eight hundred and forty six thousand, nine hundred and fifty naira) that were granted to officers of the Centre in 2020, remained unretired as at the time of audit in May 2021, and
ii. Nine (9) of the officers were granted multiple cash advances without retiring the previous ones.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Ebute Meta.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly why the sum of ₦3,846,950.00 (Three million, eight hundred and forty six thousand, nine hundred and fifty naira), being unretired advances.

ii. Recover and remit to the Treasury, the sum of ₦3,846,950.00.
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.

FEDERAL MEDICAL CENTRE, KATSINA, KATSINA STATE

At the Federal Medical Centre, Katsina for the period January to December, 2020, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (₦18,258,252.76)

Description of Findings
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 ₦73,033,011.03 (Seventy three million, thirty three thousand, eleven naira, three kobo) was the Non-Revolving Internally Generated Revenue (IGR) by the Hospital in 2020, and
ii. 25% of the IGR in (i) above amounted to ₦18,258,252.76 (Eighteen million, two hundred and fifty eight thousand, two hundred and fifty two naira, seventy six kobo) which was not remitted to the Treasury

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

Risks
i. Loss of revenue to government.
ii. Diversion of public fund.

Management's Response
The challenges of the Hospital services are quite different from other services or organizations that generate revenue. We couldn't remit in the year 2020 due to the remitting platform's failure. We have remitted the balance of 2021 of 25% IGR in 2021.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦18,258,252.76 (Eighteen million, two hundred and fifty eight thousand, two hundred and fifty two naira, seventy six kobo) being the unremitted Internally Generated Revenue.
ii. Remit to the Treasury, the sum of ₦18,258,252.76.
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 in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (₦35,172,716.23)

Description of Findings

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."

Audit observed that:

i. The sum of ₦35,172,716.23 (Thirty five million, one hundred and seventy two thousand, seven hundred and sixteen naira, twenty three kobo) was granted as non-personal advances to forty seven (47) staff of the Centre between January and September, 2020 for various works and services.
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 advances in (i) above deprived the government of ₦4,748,316.69 (Four million, seven hundred and forty eight thousand, three hundred and sixteen naira, sixty eight 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 Medical Centre, Katsina.

Risks

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

Management's Response

Observation noted.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦35,172,716.23 (Thirty five million, one hundred and seventy two thousand, seven hundred and sixteen naira, twenty three kobo) to staff as cash advance above the approved threshold.
ii. Recover and remit to the Treasury, the sum ₦35,172,716.23.
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 MEDICAL CENTRE KEFFI, NASARAWA STATE

At the Federal Medical Centre, Keffi, the following observation was made:

ISSUE 1: NON-REMITTANCE OF PAYE TAX TO THE APPROPRIATE TAX AUTHORITY (₦11,036,652.69)

Description of Findings
Section 2(1) of the Personal Income Tax Act (PITA), 2004 (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…" Also, 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. Tax deductions from the salaries of employees amounting to ₦11,036,652.69 (Eleven million, thirty six thousand, six hundred and fifty two naira, sixty nine kobo) from January to December, 2021 were not remitted to the appropriate tax authorities, and
ii. The amount in (i) above was described as "UNSPECIFIED TAX DEDUCTIONS" and paid into Central Bank of Nigeria (CBN) account number 3000002002.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Keffi.

Risks

i. Loss of government revenue.
ii. Diversion of government revenue.

Management's Response
No response.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦11,036,652.69 (Eleven million, thirty six thousand, six hundred and fifty two naira, sixty nine kobo) being unremitted taxes to the appropriate tax authorities.
ii. Remit the sum of ₦11,036,652.69 to the appropriate tax authorities.
iii. Forward evidence of remittances to 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.

FEDERAL MEDICAL CENTRE, LOKOJA, KOGI STATE

At the Federal Medical Centre, Lokoja, the following observations were made:

ISSUE 1: IRREGULARITY IN THE APPOINTMENT OF EXTERNAL AUDITOR

Description of Findings
Paragraph (b) of the Audit Circular with Ref. No. 1212/2008/CONF./VOL.I/1 dated 28th October, 2008 states, "The tenure of the Appointed Auditor should be one year in the first instance, renewable annually subject to satisfactory performance for 3 years and on no account should annual renewal extend the total tenure of the appointed firm or firms beyond 5 years. This is to ensure that the independence of the auditors is not placed in jeopardy."

Audit observed that:

i. The Centre engaged the external auditing firm beyond the statutory period of a maximum of 5 years (financial period) with letter dated May 8th July, 2021.
ii. From the engagement letter reference number FMCL/FIN/013/Vol.1/309 dated 8th July, 2019 the firm indicated their engagement for the last three years (2017 to 2019) and consequently requested for the remaining two years in line with extant rule, and
iii. However, the management of the Centre gave additional three (3) years as against two (2) years requested by the firm making it six (6) years as against the maximum of five (5) years, thereby contravening the above stated regulation.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Lokoja.

Risks
i. Independence of the auditor may be jeopardized.
ii. Integrity of reports of the Auditors may be negatively affected.

Management's Response
i. Management did not have access to extant rule/circular on the required maximum period of 5 years before appointment of the External Auditor.
ii. Letter of disengagement as issued to the contractor is attached.
iii. The process of appointing a new external Auditor is ongoing.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the retention of the External Auditors for more than five years contrary to the extant circular stated above, and
ii. Otherwise, sanction relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: UNRETIRED CASH ADVANCES (₦41,540,463.00)

Description of Findings
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 ₦41,540,463.00 (Forty one million, five hundred and forty thousand, four hundred and sixty three naira) was granted as cash advances to thirty six (36) staff of the Centre to carry out various assignments between January, 2020 and December, 2021.
ii. Nineteen (19) staff were granted multiple cash advances despite not retiring the previous advances, and
iii. The advances remained unretired at the time of audit in May, 2022.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Lokoja.

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

Management's Response
This is noted, actions have been expedited and all the staff concerned have commenced retirement for the advances. As at the time of this response more than half of the staff involved has complied.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly why the sum of ₦41,540,463.00 (Forty one million, five hundred and forty thousand, four hundred and sixty three naira) remained unretired.
ii. Recover and remit to the Treasury, the sum of ₦41,540,463.00.
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: DISCREPANCIES IN REVENUE COLLECTION RECORDS (₦3,368,822.73)

Description of Findings
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 Centre's bank collection records revealed that the sum of ₦338,271,763.41 (Three hundred and thirty eight million, two hundred and seventy one thousand, seven hundred and sixty three naira, forty one kobo) was collected between January and December, 2021 while the Internal Audit Unit records showed that the sum of ₦334,902,940.68 (Three hundred and thirty four million, nine hundred and two thousand, nine hundred and forty naira, sixty eight kobo) was the total collection for the same period, leaving a variance of ₦3,368,822.73 (Three million, three hundred

and sixty eight thousand, eight hundred and twenty two naira, seventy three kobo), and

ii. Repeated requests by Audit to the Centre for the discrepancy of ₦3,368,822.73 were unsuccessful.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Lokoja.

Risks

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

Management's Response

i. The auditors did not have complete records at the time they came up with their report.
ii Reconciliation should be carried out between the two functions and the sum of ₦338,271,763.41 is found to be the correct figure.
iii Recommendation is noted and supervision will be strictly adhered to.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦3,368,822.73(Three million, three hundred and sixty eight thousand, eight hundred and twenty two naira, seventy three kobo) being discrepancies in collection and accounting for the 2021 revenue of the Centre.
ii. Recover and remit to the Treasury, the sum of ₦3,368,822.73.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. 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: ARREARS OF REVENUE (₦88,362,986.78)

Description of Findings

Paragraph 227(i) of the Financial Regulations (FR), 2009 states, "Accounting Officers who are responsible for the collection of revenue will furnish annually a Return of Arrears of revenue due at the 31st December in each year which remains uncollected by the following 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 record purposes. 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 Accounts Committee."

Furthermore, paragraph 227(ii) of the FR, 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."

Audit observed that:

i. The Centre has an outstanding credit granted to patient amounting to ₦7,023,253.00 (Seven million, twenty three thousand, two hundred and fifty three naira) in 2021.
ii. The sum of ₦57,425,300.42 (Fifty seven million, four hundred and twenty five thousand, three hundred naira, forty two kobo) remained uncollected as fees for services in 2021.
iii. The sum of ₦23,914,433.36 (Twenty three million, nine hundred and fourteen thousand, four hundred and thirty three naira, thirty six kobo) was owed the Centre as retainership by organisations as at 31st December, 2021, and
iv. In all, the sum of ₦88,362,986.78 (Eighty eight million, three hundred and sixty two thousand, nine hundred and eighty six naira, seventy eight kobo) remained as arrears of revenue in 2021. There was no evidence of effort made by the Centre to recover the arrears of revenue.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Lokoja.

Risks

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

Management's Response

i. Credit granted to Patient (EMR) Letters have been written to the Hospital debtors as regards their patients treated and deductions from source on guarantors have commenced on long and overdue outstanding credit given to patients.
ii. NHIS FFS Letters have been written to both the National and State National Health Insurance Authority (NHIA). Moreso, at the yearly national reconciliation at the state level, letters of non-indebtedness were not issued to the defaulting HMO.

Also, some HMO's have been delisted from the National Office and letters stating their indebtedness written and submitted to the National Office of NHIA.

Retainership Letters and follow up on the organisations owing is still on-going.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦88,326,986.78 (Eighty eight million, three hundred and sixty two thousand, nine hundred and eighty six naira, seventy eight kobo) being arrears of revenue for the period.

ii. Provide details to the Public Accounts Committees of the National Assembly the measures put in place for full recovery of the receivables.
iii. Recover and remit to the Treasury, the sum of ₦88,326,986.78.
iv. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
v. 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 5:NON-REVALIDATION OF PAYMENT VOUCHERS (₦40,132,862.26)

Description of Findings

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, 2009 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. Eight (8) paid vouchers from the Capital Development Fund amounting to ₦40,132,862.26 (Forty million, one hundred and thirty two thousand, eight hundred and sixty two naira, twenty six kobo) were processed for payment on stale approvals without revalidation, and
ii. The genuineness of the payments could not be ascertained.

The above anomalies could be attributed to the weakness in the internal control system at the Federal Medical Centre, Lokoja.

Risks

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

Management's Response

The observation is noted and necessary correction taken.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly the reasons why paid vouchers amounting to ₦40,132,862.26 (Forty million, one hundred and thirty two thousand, eight hundred and sixty two naira, twenty six kobo) were processed and paid without revalidation.
ii. Recover and remit to the Treasury, the sum of ₦40,132,862.26.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Apply sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

FEDERAL MEDICAL CENTRE, MAKURDI, BENUE STATE

At the Federal Medical Centre, Makurdi, the following observations were made:

ISSUE 1: UNDER REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CONSOLIDATED REVENUE FUND (=₦14,374,709.00)

Description of Findings

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." 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 ₦248,270,460.00 (Two hundred and forty eight million, two hundred and seventy thousand, four hundred and sixty naira) was the amount generated by the Centre in 2021.
ii. Out of the IGR in (i) above the sum of ₦233,895,751.18 (Two hundred and thirty three million, eight hundred and ninety five thousand, seven hundred and fifty one naira, eighteen kobo) was remitted to the Treasury, and
iii. The sum of ₦14,374,709.00 (Fourteen million, three hundred and seventy four thousand, seven hundred and nine naira) remained unremitted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Makurdi.

Risks

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

Management's Response

i. ₦9,358,694.00 was directly remitted to the CRF account without passing through the account of the Centre.
ii. Remita charges in respect of the above transaction amounting to ₦483,911.00 also do not go through the account of the Centre.
iii. There was also cash at hand of ₦3,286,860 at the end of the year which was not yet banked as at the close of business on the 31st December, 2021.
iv. Rent deducted at source amounting to ₦1,245,244 did not also pass through the Centre's account but all of the above were reported as revenue in the register hence the variation.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the reasons the sum of ₦14,374,709.00 (Fourteen million, three hundred and seventy four thousand, seven hundred and nine naira) remained unremitted.
ii. Remit the sum of ₦14,374,709.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. 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: PAYMENT WITHOUT SUPPORTING DOCUMENTS (=₦18,828,796.55)

Description of Findings

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 should be voted."

Audit observed that:

i. Twenty four (24) payments totalling ₦18,828,796.55 (Eighteen million, eight hundred and twenty eight thousand, seven hundred and ninety six naira, fifty five kobo) were paid for services rendered to the Centre, and
ii. Relevant supporting documents such as invoices/receipts, store receipt vouchers (SRV), job completion certificates, receipts for purchase of electricity units etc. were not attached to the payment vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Makurdi.

Risks

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

Management's Response

These payments are in respect of Energy charges. However, the utility officer kept copies of the tokens in a file and kept in his office instead of attaching them to the payment vouchers to form part of the supporting documents.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payments of ₦18,828,796.55 (Eighteen million, eight hundred and twenty eight thousand, seven hundred and ninety six naira, fifty five kobo) without supporting documents.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,828,796.55.
iii. Recover and remit to the Treasury, the sum of ₦18,828,796.55.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Ensure sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦561,809.80)

Description of Findings

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 ₦561,809.80 (Five hundred and sixty one thousand, eight hundred and nine naira, eighty kobo) was made vide paid voucher CBN/TSA/021/1550 on the 15th September, 2021 to a contractor for supply of drugs, and

ii. The items purportedly supplied were not taken on 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, Makurdi.

Risks

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

Management's Response

The observation is noted.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦561,809.80 (Five hundred and sixty one thousand, eight hundred and nine naira, eighty kobo) for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦561,809.80.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Ensure sanctions relating to payment for jobs not executed specified in paragraph3104 (iii) of the Financial Regulations, 2009 should apply.

ISSUE 4: PAYMENTS WITHOUT AUTHORIZATION (₦3,525,835.00)

Description of Findings

Paragraph 401(ii) of the Financial Regulations (FR), 2009 states, "…any officer making, allowing or directing any disbursement without proper authority shall be personally responsible for the amount involved and any officer whose duties require him to render accounts shall similarly be held responsible for any inaccuracies in his accounts."

Audit observed that:

i. Four (4) payments totalling ₦3,525,835.00 (Three million, five hundred and twenty five thousand, eight hundred and thirty five naira) were made through the Treasury Single Account (TSA) of the Centre before the approval of the Accounting Officer in violation of the above stated regulation, and
ii. The reasons for making payments before requisite approvals were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Makurdi.

Risks
i. Diversion of public fund for private use.
ii. Loss of public fund.

Management's Response
These payments were made in respect of energy charge which were purchased when the CMD was not around and because of the critical role energy plays in a hospital setting, the CMD gave a verbal approval to buy the energy token to be formalized upon his return.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly the sum of ₦3,525,835.00 (Three million, five hundred and twenty five thousand, eight hundred and thirty five naira) paid without approval.
ii. Recover and remit to the Treasury, the sum of ₦3,525,835.00.
iii. Forward evidence of remittance to the Public Accounts Committee 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.

FEDERAL MEDICAL CENTRE, OWO, ONDO STATE

At the Federal Medical Centre, Owo, the following observations were made:

ISSUE 1: UNDER-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦4,139,957.25)

Description of Findings
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 Centre generated the sum of ₦26,394,561.00 (Twenty six million, three hundred and ninety four thousand, five hundred and sixty one naira) as non-revolving internally generated revenue for the year 2021.
ii. Out of the amount in (i) above, the sum of ₦6,598,561.25 (Six million, five hundred and ninety eight thousand, five hundred and sixty one naira, twenty five kobo) was expected to be remitted into the Consolidated Revenue Fund of the Federal Government, being 25% of the amount generated as non-revolving internally generated revenue, and
iii. The Centre only remitted the sum of ₦2,458,683.00 (Two million, four hundred and fifty eight thousand, six hundred and eighty three naira), leaving an unremitted balance of ₦4,139,957.25 (Four million, one hundred and thirty nine thousand, nine hundred and fifty seven naira, twenty five kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Owo.

Risks

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

Management's Response

Government Hospitals are social service providers. The Drug Revolving Fund, like other Medical Revolving Funds, are not revenue generating outlets. The materials/consumables used under these funds are collected on credit from suppliers and used to maintain a minimal level of social service to the general public. As a public hospital, competitive prices are not charged in the provision of this social service.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,139,957.25 (Four million, one hundred and thirty nine thousand, nine hundred and fifty seven naira, twenty five kobo) being unremitted IGR.
ii. Remit the sum of ₦4,139,957.25 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-DEDUCTION OF 1% STAMP DUTY ON CONTRACT (=₦855,933,52)

Description of Findings

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 ₦85,593,352.00 (Eighty five million, five hundred and ninety three thousand, three hundred and fifty two naira) was paid for fifty four (54) contracts awarded between February and December, 2021, and
ii. The Centre failed to deduct the statutory 1% Stamp Duty of ₦855,933.52 (Eight hundred and fifty five thousand, nine hundred and thirty three naira, fifty two kobo) 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 Federal Medical Centre, Owo.

Risks

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

Management's Response

As at 2021, clarification on stamp duty deduction had not been gotten regarding medical supplies in light of the fact that same was exempted from VAT. However, when confirmation was gotten, deduction commenced without further delay.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum ₦855,933.52 (Eight hundred and fifty five thousand, nine hundred and thirty three naira, fifty two kobo), being the un-deducted 1% Stamp Duty
ii. Recover and remit the sum of ₦855,933.52 to the appropriate tax authority.
iii. Forward evidence of remittance to 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: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (₦111,494,400.00)

Description of Findings

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 should be voted.”

Audit observed that:

i. Sixteen (16) paid vouchers totalling ₦111,494,400.00 (One hundred and eleven million, four hundred and ninety four thousand, four hundred naira) were raised and paid to fifteen (15) beneficiaries for services purportedly rendered to the Centre between February and December, 2021 and
ii. Relevant supporting documents such as Store Receipt Vouchers, invoices, job completion certificates, certificates of attendance for training, etc. were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Owo.

Risks

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

Management's Response

Training on Development of Annual Operation Plan, is a routine annual exercise organised for budget line officers under the Ministry of Health, in readiness for the preparation and submission of annual budgets of hospitals. Certificate of attendance are not issued at these programmes. However, the letter of invite are attached for ease of verification.

Auditor’s Evaluation

Audit notes the Management’s response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦111,494,400.00 (One hundred and eleven million, four hundred and ninety four thousand, four hundred naira) being payment without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦111,494,400.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 4: CIRCUMVENTION OF PROCUREMENT PROCEDURES (₦11,056,265.00)

Description of Findings

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 ₦11,056,265.00 (Eleven million, fifty six thousand, two hundred and sixty five naira) was granted as non-personal advances to thirteen (13) staff of the Centre between February and October, 2021 for purchases 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. Government was deprived of revenue amounting to ₦1,492,595.77 (One million, four hundred and ninety two thousand, five hundred and ninety five naira, seventy seven kobo) that would have accrued from deduction of VAT, WHT and Stamp Duty if procurements were done and contracts awarded.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Owo.

Risks

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

Management's Response

The sum of ₦3,000,000.00 (Three million naira) paid to Messer Rasaq Quadri & Company, (CHARTERED ACCOUNTANTS) was part payment for duly contracted audit fees. Also, payment for repair of Ambulances and purchases of Oxygen were done at the peak of Covid-19 pandemic. It is imperative to state that in 2021 alone, a total of 1,626 covid patients were treated in the hospital. This prompted the Federal Government to locate an oxygen production plant in the hospital in 2022.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦11,056,265.00 (Eleven million, fifty six thousand, two hundred and sixty five naira) to staff as cash advance above the approved threshold.
ii. Recover and remit to Treasury, the sum ₦11,056,265.00.
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 5: IRREGULAR PAYMENT OF NON-REGULAR ALLOWANCES (₦4,034,600.00)

Description of Findings

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, Establishment Circular Ref No. SWC/S/04/5.167/216 dated 12th February, 2004 requires all Federal Government Parastatals and Agencies wishing to monetize their fringe benefits to submit the proposal package to the National Salaries, Incomes and Wages Commission for necessary evaluation and approval before implementation. In addition, 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. Eleven (11) payments totalling ₦4,034,600.00 (Four million thirty four thousand, six hundred naira) were made to nine (9) staff as secretariat expenses and payment to Board Members in 2021.
ii. The above allowances included provisions allowance, sitting allowance, and other non-regular allowances to staff of the Centre.
iii. The sitting allowance was paid for holding day-to-day committee meetings for which the officers receive salaries.
iv. Approvals for the payment of these allowances were not obtained from the National Salaries, Incomes and Wages Commission (NSIWC).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Owo.

Risks

i. Waste of public funds.
ii. Misapplication of funds.

Management's Response

The names quoted above are those of the members of hospital Governing Board and the payments are their sitting allowance.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,034,600.00 (Four million thirty four thousand, six hundred naira) being unapproved allowances.
ii. Recover and remit to the Treasury, the sum of ₦4,034,600.00.
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: IRREGULAR PAYMENT FOR TRAINING, WORKSHOP, CONFERENCE WITHOUT EVIDENCE OF ATTENDANCE (₦15,981,452.00)

Description of Findings
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 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 Centre made payments totalling ₦15,981,452.00 (Fifteen million, nine hundred and eighty one thousand, four hundred and fifty two naira) to members of staff of the Centre to attend training, workshop, conference and other activities without any evidence or certificate of attendance to authenticate the activities.
ii. The records were not provided for audit despite repeated requests.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Medical Centre, Owo.

Risks
i. Loss of government funds.
ii. Payment for training and workshops not done.

Management's Response
Please find evidences attached.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,981,452.00 (Fifteen million, nine hundred and eighty one thousand, four hundred and fifty two naira), being irregular payment for training, workshop and conference.
ii. Recover and remit to the Treasury, the sum of ₦15,981,452.00.
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.

FEDERAL MEDICAL CENTRE, YOLA, ADAMAWA STATE

At the Federal Medical Centre, Yola, for the period, January to December, 2020, the following observations were made:

ISSUE 1: NON-DEDUCTION OF 1% STAMP DUTY (=₦2,145,613.42)

Description of Findings
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. Nine (9) payments totalling ₦214,561,342.00 (Two hundred and fourteen million, five hundred and sixty one thousand, three hundred and forty two naira) were made to two (2) contractors between June and December, 2020 and
ii. The payments in (i) above were not subjected to deduction of 1% stamp duty in the sum of ₦2,145,613.42 (Two million, one hundred and forty five thousand, six hundred and thirteen naira, forty two kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Yola.

Risks

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

Management's Response
Contracts are on-goings activities on projects that started since 2017, for which there was no provision for stamp Duty in the contract's agreement. However, we have since started charging the 1% Stamp Duty on all capital payments on GIFMIS platform as provided on the payment modules for capital budget in the year 2020. The application allows for the proceeds to be remitted automatically into CRF immediately the payments is finalized.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,145,613.42 (Two million, one hundred and forty five thousand, six hundred and thirteen naira, forty two kobo), being un-deducted Stamp Duty Tax.
ii. Recover and remit to Treasury, the sum of ₦2,145,613.42.
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 prescribed in paragraph 3112 (i) of the Financial Regulations, 2009 should apply.

ISSUE 2: ARREARS OF REVENUE NOT COLLECTED (=₦17,131,148.28)

Description of Findings
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." Furthermore, paragraph 227 (i) of the FR, 2009 states, "Accounting officers who are responsible for the collection of revenue will furnish annually a return of arrears of revenue due at the 31 December in each year which remains uncollected by the following 31 March. The return, which will be submitted by the 31 May, shall be prepared in triplicate, one copy each sent to the Accountant-General, and the Auditor-General while the third retain for record purposes. In cases where there is no outstanding revenue a NIL returns should be rendered…" Similarly, paragraph 227 (ii) of the 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 sum of ₦74,252,121.28 (Seventy four million, two hundred and fifty two thousand, one hundred and twenty one naira, twenty eight kobo) was the accrued revenues from "Fees for Services" and "Retainership" in 2020.
ii. Out of ₦74,252,121.28, the Centre collected ₦57,120,973.00 (Fifty seven million, one hundred and twenty thousand, nine hundred and seventy three naira) leaving a

total of ₦17,131,148.28 (Seventeen million, one hundred and thirty one thousand, one hundred and forty naira, twenty eight kobo) as arrears of revenue as at the time of the periodic checks in May 2021, and

iii. Returns on arrears of revenue for the 2020 financial year was not made available by the Centre for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Yola.

Risks

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

Management's Response

Since 2017, HMOs owed the Centre in millions. We have been writing and calling them on phone and even personal contacts by visiting NHIS zonal Office in Yola were made by our NHIS Desk Officer this May 2021. We will continue to follow up and to make sure they pay off the debts. Larger part of the debts is for fees for Service which HMOs accumulate and claim the FGN have not paid them. We will write again to complain to NHIS management. This scenario is not peculiar to Federal Medical Centre, Yola only. HMO's owe millions of naira) to many Federal Tertiary hospitals in the country as fees for the service and monthly capitations. We will communicate to you the outcome of the letter of complaint.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦17,131,148.28 (Seventeen million, one hundred and thirty one thousand, one hundred and forty naira, twenty eight kobo) being the arrears of uncollected revenue.
ii. Remit to the Treasury, the sum of ₦17,131,148.28.
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.

FEDERAL MEDICAL CENTRE, GUSAU, ZAMFARA STATE

At the Federal Medical Centre, Gusau, for the period January to December, 2020 the following observations were made:

ISSUE 1: CONTRACT VARIATIONS WITHOUT APPROVAL (=₦69,745,454.22)

Description of Findings

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 should be voted."

Audit observed that:

i. The Centre awarded three (3) contracts totalling ₦795,492,786.18 (Seven hundred and ninety five million, four hundred and ninety two thousand, seven hundred and eighty six naira, eighteen kobo) for various procurement of works and services.
ii. The value of each of the contract in (i) above exceeded the approved threshold of the Centre's Tender Board, as at the time of audit, which was ₦250,000,000.00 (Two hundred and fifty million naira) for works and ₦50,000,000.00 (Fifty million naira) for goods and services. The evidence of the Federal Executive Council (FEC) Approvals for the contracts were not made available for audit.
iii. The due process certificate of "No objection" from the Bureau for Public Procurement (BPP) granted the Centre to award the contract for the supply of equipment for the upgrading of Intensive Care Unit to 10 bed capacity (Lot 3) at a contract sum of ₦283,872,865.78 (Two hundred and eighty three million, eight hundred and seventy two thousand, eight hundred and sixty five naira, seventy eight kobo) while the Centre awarded the contract at the sum of ₦353,618,320 (three hundred and fifty three million, six hundred and eighteen thousand, three hundred and twenty naira) VAT inclusive against the approval of BPP.
iv. This resulted in an increase in the contract price by ₦69,745,454.22 (Sixty nine million, seven hundred and forty five thousand, four hundred and fifty four naira, twenty two kobo), and
v. Selective/Restrictive method of tendering was adopted before getting the approval from BPP.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Gusau.

Risks

i. Award to incompetent contractors.
ii. Payment for jobs not executed.
iii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦69,745,454.22 (Sixty nine million, seven hundred and forty five thousand, four hundred and fifty four naira, twenty two kobo) being irregular variations in contract.
ii. Provide to the Public Accounts Committees of the National Assembly, the FEC approvals on the contracts and the BPP approvals for the variation of ₦69,745,454.22.
iii. Recover and remit to the Treasury, the sum of ₦69,745,454.22.
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 unauthorized variation prescribed in paragraphs 3106, 3115 and 3103, of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2020)

Description of Findings
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 Federal Medical Centre failed to submit its audited financial statements for the year 2020 to the Office of the Auditor-General for the Federation, and
ii. The above practice by the Centre 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 Medical Centre, Gusau.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Submit the audited financial statements, in respect of 2020 to the Office of Auditor-General for the Federation and 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.

FEDERAL MEDICAL CENTRE, KATSINA, KATSINA STATE

At the Federal Medical Centre, Katsina, the following observations were made:

ISSUE 1: VIOLATION OF DUE PROCESS ON PROCUREMENT (=₦1,023,500,668.56)

Description of Findings

Section 16 (21) of the Public Procurement Act (PPA), 2007 states, "The accounting officer of a procuring entity and any officer to whom responsibility is delegated are responsible and accountable for any actions taken or omitted to be taken either in compliance with or in contravention of this Act." Also, section 19 (d) of (PPA) 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: obtain approval of the approving authority before making an award, also Federal Treasury Circular reference No. TRY/A2 & B2/2019/OAGF/CAD/026/V.III/358 dated 8th July, 2019 provide the mandatory documents required to facilitate payment of government contractors…"

Audit observed that:

i. The Centre awarded the contract for the construction of an Oncology/Radiotherapy unit to a construction firm at the contract sum of ₦1,023,500,668.56 (One billion, twenty three million, five hundred thousand, six hundred and sixty eight naira, fifty six kobo) vide letter of award Ref. No. FMCK/G.1735/VOL.I dated 4th May, 2021.
ii. The Bureau of Public Procurement Certificate of "No Objection" for the award of the contract was obtained vide letter with Ref. No. BPP/S.1/Vol.XVII/21/100 of 24th August, 2021 and conveyance of Federal Executive Council Approval was obtained vide a letter referenced FMOH/PROC/20/680/28 of 22nd November, 2021.The Bureau of Public Procurement and Federal Executive Council approvals were obtained six (6) months after the award of the contract, and
iii. The payment vouchers in respect of the contract in (i) above were without relevant supporting documents such as contract agreement, Bill of Quantity (BOQ), procurement plan, technical and financial evaluation reports etc. were not made available for audit examination or attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

Risks

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,023,500,668.56 (One billion, twenty three million, five hundred thousand, six hundred and sixty eight naira, fifty six kobo), being award of contract before BPP and FEC approvals.
ii. Recover and remit to the Treasury, the sum of ₦1,023,500,668.56.
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 2: SPLITTING OF CONTRACTS TO CIRCUMVENT TENDERS PROCEDURES (=₦348,065,169.79)

Description of Findings
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 eight (8) contracts at a total contract sum of ₦348,065,169.79 (Three hundred and forty eight million, sixty five thousand, one hundred and sixty nine naira, seventy nine kobo) to six (6) contractors for the rehabilitation of wards in the Centre between 13th March and 13th May, 2021.
ii. The contracts were for the rehabilitation of wards that ought to have been awarded as a single contract but was split into eight contracts at a price that was within the Parastatal's Tender Board threshold, in other to circumvent tenders' procedures, and
iii. Six (6) of the contracts were awarded on the same day 13th May, 2021, while another contract was awarded on 13th March, 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

Risks
i. Procurement of substandard items.
ii. Diversion of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to Public Accounts Committees of the National Assembly, the sum of ₦348,065,169.79 (Three hundred and forty eight million, sixty five thousand, one hundred and sixty nine naira, seventy nine kobo), being payment made on contracts splitting.
ii. Recover and remit to the Treasury the sum of ₦348,065,169.79.
iii. Forward evidence of remittance to 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 3: NON-REVALIDATION OF PAYMENT VOUCHERS (₦15,706,027.05)

Description of Findings
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. Eight (8) payment vouchers from the Capital Development Fund amounting to ₦15,706,027.05 (Fifteen million, seven hundred and six thousand, and twenty seven naira, five kobo) were paid to five (5) beneficiaries between September and October, 2021 without revalidation after the paid vouchers were raised over three (3) months earlier, and
ii. The genuineness of the transactions leading to the payments could not be ascertained.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre Katsina.

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

Management's Response
No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦15,706,027.05 (Fifteen million, seven hundred and six thousand, and twenty seven naira, five kobo) being payments on paid vouchers that have stayed longer than three (3) months and without revalidation.
ii. Recover and remit to the Treasury, the sum of ₦15,706,027.00.
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 4: TRANSFER OF PUBLIC FUNDS TO PERSONAL ACCOUNT (=₦168,933,247.44)

Description of Findings

Paragraph 701(i) – (iv) of the Financial Regulations (FR), 2009 states, "No official bank account shall be opened unless authorized by the Accountant-General. Each approved account shall be maintained under an official designation. Each establishment shall be allowed to operate only three (3) bank accounts as follows: (a) Salary Account; (b) Overhead Cost Account; and (c) Revenue Account. No other bank account shall be allowed without the express approval of the Accountant-General. No ministry shall be allowed to operate any bank accounts in the outstation office without approval of the Accountant-General. No multiplicity of bank accounts shall be allowed beyond the three accounts listed above." 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 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 ₦168,933,247.44 (One hundred and sixty eight million, nine hundred and thirty three thousand, two hundred and forty seven naira, forty four kobo) was paid from Internally General Revenue, Capital Development Fund and Overhead into three (3) private account Nos. 2375650396, 2375651692 and 0004670899 domiciled in two (2) banks, and
ii. The Centre's payment reports revealed that the accounts were used in transferring public funds for various transactions such as supply of diesel, repairs of generator set, refund of money paid for outsourced services, call duty meal, adverts to media agents etc.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

Risks
i. Diversion of public funds.
ii. Unaccounted expenditures.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦168,933,247.44 (One hundred and sixty eight million, nine hundred and thirty three thousand, two hundred and forty seven naira, forty four kobo) transferred into private accounts.
ii. Recover and remit to the Treasury, the sum of ₦168,933,247.44.
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 5: UNSUBSTANTIATED TRANSFER OF PERSONNEL COST (=₦340,942,618.62)

Description of Findings
Paragraph 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 ₦340,942,618.62 (Three hundred and forty million, nine hundred and forty two thousand, six hundred and eighteen naira, sixty two kobo) was transferred from the Main Personnel Envelop to IPPIS Transaction Account with Account No 3000002002 in respect of third party deductions, and
ii. Repeated requests by Audit to get the reasons for the transfers in (i) above to a third party account were unsuccessful.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦340,942,618.62 (Three hundred and forty million, nine hundred and forty two thousand, six hundred and eighteen naira, sixty two kobo) to an unsubstantiated account.
ii. Provide the payment mandate for the debits amounting to ₦340,942,618.62 62 to the Public Accounts Committees of the National Assembly.
iii. Recover and remit to the Treasury, the sum of ₦340,942,618.62.
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: NON-REMITTANCE OF PAYE TO THE RELEVANT TAX AUTHORITY (=₦1,371,984.59)

Description of Findings
Section 2(1) of the Personal Income Tax Act (PITA), 2004 (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…" Also, 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 sum of ₦1,371,984.59 (One million, three hundred and seventy one thousand, nine hundred and eighty four naira, fifty nine kobo) was deducted from salaries of twenty seven (27) staff of the Centre as Pay As You Earn (PAYE) in 2021, and
ii. The sum in (i) above was paid to different states instead of the states where the staff were deemed to be residents in accordance with the extant regulations on Personal Income Tax.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

Risks
i. Diversion of government taxes
ii. Loss of government revenue.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Account to the Public Account Committee of the National Assembly, the sum of ₦1,371,984.59 (One million, three hundred and seventy one thousand, nine hundred and eighty four naira, fifty nine kobo) being non-remittance of PAYE to the appropriate tax authorities.
ii. Recover and remit to the appropriate tax authorities, the sum of ₦1,371,984.59.
iii. Forward evidence of remittances to the Public Account Committee of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for government revenue specified in paragraph 3112(i) of the Financial Regulations, 2009 should apply.

ISSUE 7: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦59,565,892.93)

Description of Findings
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."

Audit observed that:
i. The sum of ₦59,565,892.93 (Fifty nine million, five hundred and sixty five thousand, eight hundred and ninety two naira, ninety three kobo) was granted as non-personal advances vide one hundred and eight (108) paid vouchers to staff of the Centre between February and December, 2018 for procurement of goods and services, and
ii. Government was deprived of revenue amounting to ₦8,041,395.54 (Eight million, forty one thousand, three hundred and ninety five naira, fifty four kobo) that would have accrued from the deduction of VAT, WHT, and Stamp Duty if procurements were done through the award of contracts.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦59,565,892.93 (Fifty nine million, five hundred and sixty five thousand, eight hundred and ninety two naira, ninety three kobo) to staff as cash advance above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦59,565,892.93.
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.

ISSUE 8: PAYMENT OF SALARIES TO EXITED STAFF MEMBERS (=₦5,132,175.04)

Description of Findings
Paragraph 1503(iii) of the Financial Regulations (FR), 2009 states, "Salaries, allowances and pension must not be paid in advance." Also, paragraph 1507 (i) & (ii) of the FR, 2009 states, "The officer controlling expenditure shall promptly be informed of any variation or contingency likely to affect officers' salary such as death, resignation, interdiction, suspension, dismissal, in order that instructions to withhold pay may be issued without delay." 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 should be voted."

Audit observed that:
i. The sum of ₦5,132,175.04 (Five million, one hundred and thirty two thousand, one hundred and seventy five naira, four kobo) was paid as salaries to eleven (11) exited staff of the Centre, and
ii. The staff in (i) above left the service as result of transfer of service and resignation, yet they received salaries from the Centre.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

Risks
i. Diversion of public fund.
ii. Unlawful payments.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,132,175.04 (Five million, one hundred and thirty two thousand, one hundred and seventy five naira, four kobo), paid to exited staff of the Centre.
ii. Recover and remit to the Treasury, the sum of ₦5,132,175.04.
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, payment to non-existent employees (ghost workers) and gross misconduct stated in paragraphs 3106, 3115, 3110 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 9: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENT (2020)

Description of Findings
Paragraph 3210(v) of the Financial Regulations, 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 Centre failed to submit its audited financial statements for the year 2020 to the Office of the Auditor-General for the Federation as at the time of audit in November, 2022 and
ii. The above practice by the Centre contravened extant regulations on the submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Katsina.

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

Management's Response
No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Submit the audited financial statements, in respect of 2020 to the Office of Auditor-General for the Federation and 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.

SECTION 7
FEDERAL POLYTECHNICS AND COLLEGES OF EDUCATION AUDIT DEPARTMENT

FEDERAL COLLEGE OF EDUCATION, KATSINA, KATSINA STATE

At the Federal College of Education, Katsina, for the period January to December 2020, the following observations were made:

ISSUE 1: AWARD OF CONTRACTS WITHOUT DUE PROCESS (=₦50,062,493.88)

Description of Findings

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 (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….'' 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. Eighteen (18) payments totaling ₦50,062,493.88 (Fifty million, sixty two thousand, four hundred and ninety three naira, eighty eight kobo) were made during the period January 2018 to December 2020 to various contractors.
ii. The contracts were awarded without obtaining quotations from three (3) unrelated contractors/suppliers, and
iii. Evidence of procurement due process and Contractors' eligibility for the contract awarded such as open competitive bidding, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, 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, Katsina.

Risks

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

Management's Response

Noted and promised to look for the quotations obtained from other companies

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦50,062,493.88 (Fifty million, sixty two thousand, four hundred and ninety three naira, eighty eight kobo) being payments without due process.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦50,062,493.88.
iii. Recover and remit to the Treasury, the sum of ₦50,062,493.88.
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 (FR), 2009 should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦98,944,932.00)

Description of Findings

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 ₦98,944,932.00 (Ninety eight million, nine hundred and forty four thousand, nine hundred and thirty two naira) was granted as cash advances to Officers of the College for the procurement of stores and services.
ii. The advances 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 College resulted to loss of ₦13,357,565.82 (Thirteen million, three hundred and fifty seven thousand, five hundred and sixty five naira, eight two 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 College of Education, Katsina.

Risks

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

Management's Response

No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Provost should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦98,944,932.00 (Ninety eight million, nine hundred and forty four thousand, nine hundred and thirty two naira) to staff as cash advance above the approved threshold.
ii. Recover and remit the sum of ₦98,944,932.00 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 and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations (FR), 2009 respectively, should apply.

FEDERAL COLLEGE OF EDUCATION ZARIA, KADUNA STATE

At the Federal College of Education Zaria, for the period January to December 2020, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE TREASURY (=₦34,980,019.25)

Description of Findings
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 a total of ₦139,920,077.00 (One hundred and thirty nine million, nine hundred and twenty thousand, seventy seven naira) as Internally Generated Revenue (IGR) in 2020.
ii. The sum ₦34,980,019.25 (Thirty four million, nine hundred and eighty thousand, nineteen naira, twenty five kobo), being 25% of the IGR was expected to be remitted to the Consolidated Revenue Fund (CRF) of the Federal Government, and
iii. Evidence of the remittance of ₦34,980,019.25 to the CRF, was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Zaria.

Risks

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

Management's Response:

The management of the College complained that the Institution does not have enough IGR to cater for its operations and promise to remit if income improved.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦34,980,019.25 (Thirty four million, nine hundred and eighty thousand, nineteen naira, twenty five kobo) being unremitted IGR.
iii. Remit the sum of ₦34,980,019.25 to the Consolidated Revenue Fund.
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 collect and account for government revenue specified in paragraphs 3106 and 3112 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 2: PAYMENTS WITHOUT INTERNAL AUDIT PASSAGE (=₦26,111,816.00)

Description of Findings

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." Also, 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 ₦26,111,816.00 (Twenty six million, one hundred and eleven thousand, eight hundred and sixteen naira) was paid by the College 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 Federal College of Education, Zaria.

Risks

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

Management's Response

Noted, because of the urgency of the payments, internal Auditor was not around due to COVID 19 problem. Promise that in future 100% pre-payment audit of every voucher would be carried out before the payment in line with Government regulations.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account for the sum of ₦26,111,816.00 (Twenty six million, one hundred and eleven thousand, eight hundred and sixteen naira) paid without pre-payment audit.
ii. Recover and remit to the Treasury, the sum of ₦26,111,816.00.
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 3: UNRETIRED ADVANCES (=₦5,558,550.00)

Description of Findings

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 ₦5,588,550.00 (Five million, five hundred and eighty eight thousand, five hundred and fifty naira) was granted as cash advances in 2020.
ii. The payments in (i) above included multiple advances granted to staff while the previous ones remained unretired, and
iii. The advances were not retired as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Zaria.

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

Management's Response
Promise to ensure that advances granted are retired

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,588,550.00 (Five million, five hundred and eighty eight thousand, five hundred and fifty naira), being unretired advances.
ii. Recover and remit to the Treasury, the sum of ₦5,588,550.00.
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 (FR), 2009 respectively, should apply.

ISSUE 4: PAYMENTS WITHOUT SUPPORTING DOCUMENTS (=₦65,305,384.56)

Description of Findings
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. Five (5) payments totaling ₦65,305,384.56 (Sixty five million, three hundred and five thousand, three hundred and eighty four naira, fifty six kobo) were made by the College, and
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 College of Education, Zaria.

Risks
i. Loss of funds.
ii. Possible diversion of public funds.

Management's Response
Noted.

Auditor's Evaluation
Audit notes the Management's response to the issues raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦65,305,384.56 (Sixty five million, three hundred and five thousand, three hundred and eighty four naira, fifty six kobo) paid without relevant supporting documents.
ii. Recover and remit the sum of ₦65,305,384.56 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.

FEDERAL POLYTECHNIC, BAUCHI, BAUCHI STATE

At the Federal Polytechnic Bauchi, for the period January to December, 2020, the following observations were made:

ISSUE 1: NON-SUBMISSION OF 2020 AUDITED FINANCIAL STATEMENTS

Description of Findings
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 Polytechnic failed to submit its audited financial statements for the year 2020 to the Office of the Auditor-General for the Federation, and
ii. The above practice by the Institution 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 Polytechnic Bauchi.

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

Management's Response
The financial statement was at the time of the Audit exercise completed by the Management. Before inviting the External Auditors, the Accounts are usually presented to the Council for the final approval and directive to invite the Auditors. As at the time of the Exercise the Council did not meet to consider the Accounts. Now the Auditors are working on the Accounts as soon as they present it for approval we are going to submit to your Office.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Provost should be requested to:
i. Submit the audited Financial Statements for 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 (FR), 2009 should apply.

ISSUE 2: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE TREASURY (=₦29,264,347.01)

Description of Findings
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 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 ₦117,057,388.03 (One hundred and seventeen million, fifty seven thousand, three hundred and eighty eight naira, three kobo) was the Internally Generated Revenue (IGR) in 2020, and
ii. There was no evidence to show the sum of ₦29,264,347.01 (Twenty nine million, two hundred and sixty four thousand, three hundred and forty seven naira, one kobo), being 25% of the IGR in (i) above, was remitted to the Consolidated Revenue Fund (CRF).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic, Bauchi.

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

Management's Response
The Institution does not have enough IGR to cater for its operations and promised to remit if income improves.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Rector should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦29,264,347.01 (Twenty nine million, two hundred and sixty four thousand, three hundred and forty seven naira, one kobo) being unremitted IGR.
ii. Remit the sum of ₦29,264,347.01 to the CRF.
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 (FR), 2009 should apply.

ISSUE 3: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦53,629,573.33)

Description of Findings
Paragraph 603 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, etc."

Audit observed that:
i. Thirty nine (39) payments amounting to ₦53,629,573.33 (Fifty three million, six hundred and twenty nine thousand, five hundred and seventy three naira, thirty three kobo) was made from TETFUND account in 2020. for the sponsorship of some members of staff to attend conferences and to undertake PhD and MSc programmes within and outside country, and
ii. Relevant supporting documents such as certificates of attendance, progress report from the institutions attended, etc were not attached to the paid vouchers thus making it difficult to authenticate the validity, genuineness and correctness of the payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic, Bauchi.

Risks

i. Payments for unapproved expenses.
ii. Misappropriation of government funds.

Management's Response

Evidences of participation and/or attendance was submitted to the staff Training and Development, which was then submitted to TETFUND (the sponsoring Agency). Management have directed the Committee in charge of Staff Training and Development to verify and ensure al those who didn't submit their report or evidence of attendance to do so and those who did not attend to refund the money paid to them in line with the TETFUND directives. Also, from now onward, a copy would be retained for our record to guard against future enquiries.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦53,629,573.33 (Fifty three million, six hundred and twenty nine thousand, five hundred and seventy three naira, thirty three kobo) without relevant supporting documents.
ii. Account for the sum of ₦53,629,573.33.
iii. Recover and remit to the Treasury, the sum of ₦53,629,573.33.
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 (FR), 2009 should apply.

ISSUE 4: CONTRACT AWARDED WITHOUT DUE PROCESS (=₦9,116,744.86)

Description of Findings

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 (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….'' Similarly, paragraph 708 of FR, 2009 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) payments totalling ₦9,116,744.86 (Nine million, one hundred and sixteen thousand, seven hundred and forty four naira, eighty six kobo) were made from revenue and TETFUND accounts to contractors in 2020.
ii. The contracts were awarded without obtaining quotations from three (3) unrelated contractors/suppliers, and
iii. 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 provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic, Bauchi.

Risks

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

Management's Response

We always observed the guidelines and procedures for making payments as stipulated in the financial regulations. We observed that some portion of the Payment voucher were been detached from the main vouchers and there were some mixed up in the filing back of vouchers removed from different folders. Effort is being put in place to identify the where about of the documents so that they would be put back. A Senior Officer have been assigned the responsibility of ensuring all documents are verified and filed back to the correct folders after every exercise carried out by both Internal and External supervisors/ Auditors.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦9,116,744.86 (Nine million, one hundred and sixteen thousand, seven hundred and forty four naira, eighty six kobo) being payments without due process.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,116,744.86.
iii. Recover and remit to the Treasury, the sum of ₦9,116,744.86.
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 (FR), 2009 should apply.

ALVAN IKOKU COLLEGE OF EDUCATION, OWERRI, IMO STATE

At Alvan Ikoku College of Education, Owerri, Imo State, the following observations were made:

ISSUE1: NON-SUBMISSION OF 2019 AUDITED FINANCIAL STATEMENTS

Description of Findings

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 College 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 Alvan Ikoku College of Education, Owerri, Imo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify the non-submission of the 2019 Audited Financial Statement.
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 (FR), 2009 should apply.

ISSUE 2: ENGAGEMENT OF EXTERNAL SOLICITOR WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦4,482,906.67)

Description of Findings

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." Also, 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 College engaged the services of a solicitor at a cost of ₦4,482,906.67 (Four million, four hundred and eighty two thousand, nine hundred and six naira, sixty seven kobo) to carry out various legal services on its behalf, and
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.

The above anomalies could be attributed to weaknesses in the internal control system at Alvan Ikoku College of Education, Owerri**,** Imo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify the engagement of external solicitor without the approval of the Honourable Attorney General of the Federation.
ii. Recover and remit, the sum of ₦4,482,906.67 (Four million, four hundred and eighty two thousand, nine hundred and six naira, sixty seven kobo) 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.

FEDERAL COLLEGE OF EDUCATION (TECHNICAL) GUSAU, ZAMFARA

At the Federal College of Education (Technical) Gusau, Zamfara State, for the period 2018 to 2020, the following observations were made:

ISSUE 1: UNRETIRED NON-PERSONAL ADVANCES (=₦26,683,279.67)

Description of Findings

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." Also, 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." 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 moneys received and expended…"

Audit observed that:

i. Twenty five (25) non-personal advances totalling ₦26,683,279.67 (Twenty six million, six hundred and eighty three thousand, two hundred and seventy nine naira, sixty seven kobo) 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, and
iii. Multiple advances were also granted to officers without retirement of 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 College of Education (Technical) Gusau, Zamfara State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦26,683,279.67 (Twenty six million, six hundred and eighty three thousand, two hundred and seventy nine naira, sixty seven kobo) being unretired advances.
ii. Recover the sum of ₦26,683,279.67 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 failure to manage public funds effectively and non-retirement of advances and imprest specified in paragraphs 3115 and3124 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 2: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦16,962,315.16)

Description of Findings

Paragraph 601 of the Financial Regulations (FR), 2009 states, "All payment entries in the cash book/accounts shall be vouched for on one of prescribed treasury forms. Vouchers shall be made out in favour of the person/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. Seventy five (75) payments totaling ₦16,962,315.16 (Sixteen million, nine hundred and sixty two thousand, three hundred and fifteen naira, sixteen kobo) were made and entered accordingly in the Institute's cash-book between 2018 and 2020, and
ii. Payment vouchers and supporting documents in respect of the payments in (i) above were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gusau, Zamfara State.

Risks

i. Payments for unapproved expenditures.
ii. Payments for non-existent transactions.
iii. Diversion of government funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Provide explanation to the Public Accounts Committees of the National Assembly, why payment vouchers totaling ₦16,962,315.16 (Sixteen million, nine hundred and sixty two thousand, three hundred and fifteen naira, sixteen kobo) were not presented for audit.
ii. Account for the sum of ₦16,962,315.16.
iii. Recover and remit to the Treasury, the sum of ₦16,962,315.16.
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 manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: PAYMENT VOUCHERS NOT POSTED INTO THE CASH BOOK (=₦26,603,845.45)

Description of Findings

Paragraph 802 of the Financial Regulations (FR), 2009 states, "A sub-Accounting Officer shall enter promptly into the cash book all sum of money received by him or paid by him as a public officer, supporting such entries by a receipt or payment voucher on the prescribed form. receipt and payment voucher shall be numbered consecutively, from No. 1 each month in the order in which the amount are received or paid, and will be entered into the cash book accordingly."

Audit observed that:

i. Payment vouchers totalling ₦26,603,845.45 (Twenty six million, six hundred and three thousand, eight hundred and forty five naira, forty five kobo) were not posted into the cash book between 2018 and 2020, and
ii. There was no justifications for the action of the College in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gusau, Zamfara State.

Risks

i. The genuineness of these payment could not be ascertained.
ii. Possibility of loss of fund.

Management's Response

No response

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why Payment vouchers amounting to ₦26,603,845.45 (Twenty six million, six hundred and three thousand, eight hundred and forty five naira, forty five kobo) were not posted into the cash book.
ii. Account for the sum of ₦26,603,845.45.
iii. Recover and remit the sum of ₦26,603,845.45 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (FR), 2009 should apply.

FEDERAL COLLEGE OF EDUCATION (TECHNICAL), ASABA, DELTA STATE

At the Federal College of Education (Technical), Asaba, Delta State, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE TREASURY (=₦7,849,655.40)

Description of Findings

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 ₦31,398,621.60 (Thirty one million, three hundred and ninety eight thousand, six hundred and twenty one naira, sixty kobo) was the Internally Generated Revenue (IGR) of the College for the year 2015 to 2019, and
ii. The College failed to remit the sum of ₦7,849,655.40 (Seven million, eight hundred and forty nine thousand, six hundred fifty five naira, forty kobo), being 25% of the sum generated within the period under review.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Asaba, Delta State.

Risks

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

Management's Response

The revenue department of the Accountant General gave us the sum of ₦3,438,125.16 and ₦4,411,530.24 to be remitted to CFR which amounted to ₦7,849,655.40 for 2015-2019, unfortunately our students generated pin wrongly and paid directly to CFR to the tune of ₦23,409,753.87 for the period 2016-2020. We therefore believe that we still have some balances of about ₦15,560,098.47 in the CFR. Hence, we are yet to remit anything. We have already drawn the attention of the Accountant General for the Federation requesting for receipt to that effect. The RRR generated by the students which was forwarded to the Accountant General for the federation was shown to the visiting auditors.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Provost should be requested to:
i. Account for the sum of ₦7,849,655.40 (Seven million, eight hundred and forty nine thousand, six hundred fifty five naira, forty kobo) being unremitted IGR.
ii. Remit the sum of ₦7,849,655.40 to the Treasury.
iii. Furnish 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 as specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 2: IRREGULAR PAYMENT OF SECURITY VOTE ALLOWANCE (=₦10,000,000.00)

Description of Findings
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. A monthly payment of ₦600,000.00 (Six hundred thousand naira) was made to the Provost Personal Assistance as Provost Security Vote, an allowance not appropriated for.
ii. A total of ₦10,000,000.00 (Ten million naira), being ₦4,800,000.00 from overhead and ₦5,200,000.00 from student school fees fund, was paid as Provost Security Vote, and
iii. There was no approval by National Salaries Income and Wages Commission (NSIWC) to back up the payment and as such the payment cannot be regarded as a legitimate charge against public fund.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Asaba, Delta State.

Risks
i. Misappropriation of public funds.
ii. Diversion of public funds.
iii. Payment for unbudgeted expenditure.

Management's Response
The provost security vote was approved by the Governing Council due to the prevailing security situation in this part of the country; whereby the provost has to move with police escort wherever she goes to and even at her residence.

Auditor's Evaluation
Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,000,000.00 (Ten million naira) being unapproved Provost Security Vote Allowance.
ii. Recover and remit the sum of ₦10,000,000 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 3: IRREGULAR PAYMENT FOR FAIRLY USED VEHICLES (=₦63,616,700.56)

Description of Findings
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." 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." 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 term of the contract agreement, that is as regards supplies, the articles have been received and, in case of work, that it has been properly done…"

Audit observed that:
i. The sum of ₦64,758,000.00 (Sixty four million, seven hundred and fifty eight thousand naira) was awarded as contract for the purchase of three (3) project monitoring/supervision vehicles in November 2021.
ii. The contracts were for procurement of a bus, a pickup and a salon car.
iii. The college instead of buying brand new vehicles as approved, bought fairly used vehicles.
iv. Payment for two (2) of the three (3) vehicles was made in November, 2021 before they were received in January, 2022.
v. The salon car supplied in January, 2022 was allocated to the formal bursar who was on a sabbatical leave in another Institution as at December, 2021, and

vi. Relevant documents relating to the purchase of the vehicles such as motor vehicle particulars, receipt, vehicle license etc., were not presented for audit.

These anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Asaba, Delta State.

Risks

i. Loss of government assets.
ii. Conversion of public property for private use
iii. Payment for job not executed

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦64,758,000.00 (Sixty four million, seven hundred and fifty eight thousand naira) being irregular payment for fairly used vehicles.
ii. Recover and remit the sum of ₦64,758.000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 4: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦36,230,110.00)

Description of Findings

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 ₦36,230,110.00 (Thirty six million, two hundred and thirty thousand, one hundred and ten naira) was granted as cash advance to staff for the procurement of works, goods and services above the approved threshold, and

ii. The action of the College resulted in the loss of ₦4,891,064.85 (Four million, eight hundred and ninety one thousand, and sixty four naira, eighty five kobo) that would have accrued to government through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Asaba, Delta State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of of ₦36,230,110.00 (Thirty six million, two hundred and thirty thousand, one hundred and ten naira) being cash advance above the approved threshold.
ii. Recover and remit the sum of ₦36,230,110.00 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 and gross misconduct specified in paragraph 3106 and 3129 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 5: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦24,685,661.25)

Description of Findings

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." 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 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. Payments totaling ₦24,685,661.25 (Twenty four million, six hundred and eighty five thousand, six hundred and sixty one naira, twenty five kobo) were made in favour of some Officers and Suppliers between 2018 and 2020 for various supplies and other related services, and
ii. These payments were made to staff 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 the Federal College of Education (Technical), Asaba, Delta State.

Risks

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

Management's Response

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

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦24,685,661.25 (Twenty four million, six hundred and eighty five thousand, six hundred and sixty one naira, twenty five kobo) being payments made in violation of the e-payment policy of the Federal Government.
ii. Recover the sum of ₦24,685,661.25 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 (FR), 2009 respectively, should apply.

FEDERAL COLLEGE OF EDUCATION(TECHNICAL), OMOKU, RIVERS STATE

At the Federal College of Education (Technical), Omoku, Rivers State for the period January to December, 2021, the following observations were made:

ISSUE 1: IRREGULAR PAYMENT OF SALARIES TO PRINCIPAL OFFICERS OF THE COLLEGE (=₦54,272,332.86)

Description of Findings

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…" Also, 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."

Audit observed that:

i. The sum of ₦54,272,332.86 (Fifty four million, two hundred and seventy two thousand, three hundred and thirty two naira, eighty six kobo) was paid to five (5) key Principal Officers of the College.
ii. Included in (i) above is the sum of ₦7,495,792.20 (Seven million, four hundred and ninety five thousand, seven hundred and ninety two naira, twenty kobo) paid to the former Provost of the College.
iii. The former Provost of the College was paid salary for twelve (12) months after his exit, and
iv. Two (2) Provosts were being paid at the same time by the College.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Omoku, Rivers State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦54,272,332.86 (Fifty four million, two hundred and seventy two thousand, three hundred and thirty two naira, eighty six kobo) as overpayment of salary to principal officers of the College.
ii. Recover and remit to the Treasury, the sum of ₦54,272,332.86.
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: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦19,668,500.00)

Description of Findings

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." Also, 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. Two (2) payments amounting to ₦19,668,500.00 (Nineteen million, six hundred and sixty eight thousand, five hundred naira) were made to two (2) contractors vide P.V. No CAP027022019 dated 6th February, 2019 and P.V. No TSA/039042018 dated 27th April, 2018 for purchase of store items, and
ii. The items procured were not taken on ledger charge, as there were no records such as 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 Education (Technical), Omoku, Rivers State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,668,500.00 (Nineteen million, six hundred and sixty eight thousand, five hundred naira) being procurement of stores not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦19,668,500.00.

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 prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 3: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦56,679,128.86)

Description of Findings

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 ₦226,716,515.42 (Two hundred and twenty six million, seven hundred and sixteen thousand, five hundred and fifteen naira, forty two kobo) as IGR, and
ii. The College failed to remit the sum of ₦56,679,128.86 (Fifty six million, six hundred and seventy nine thousand, one hundred and twenty eight naira, eighty six kobo), being 25% of the sum of ₦226,716,515.42 generated for the period 2018 to 2019.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Omoku, Rivers State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:
i. Justify the sum of ₦56,679,128.86 (Fifty six million, six hundred and seventy nine thousand, one hundred and twenty eight naira, eighty six kobo) being non-remittance of 25% of Internally Generated Revenue.

ii. Remit the sum of ₦56,679,128.86 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 (FR) 2009 should apply.

ISSUE 4: MISAPPLICATION OF FUNDS (=₦16,932,400.00)

Description of Findings

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 ₦16,932,400.00 (Sixteen million, nine hundred and thirty two thousand, four hundred naira) meant for capital intervention fund was paid to 56 (Fifty six) staff for accreditation and other overhead expenses, 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 Federal College of Education (Technical), Omoku, Rivers State.

Risks

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

Management's Response

No response

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,932,400.00 (Sixteen million, nine hundred and thirty two thousand, four hundred naira) being misapplication of funds.
ii. Recover and remit to the Treasury, the sum of ₦16,932,400.00.

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 (FR), 2009 should apply.

ISSUE 5: OVERPAYMENT TO CONTRACTOR (=₦6,696,303.53)

Description of Findings

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."

Audit observed that:

i. A contract for the capital project of General Studies Lecture Hall Offices in Campus II was awarded to a contractor at the sum of ₦83,676,684.00 (Eighty three million, six hundred and seventy six thousand, six hundred and eighty four naira) in 2015.
ii. The level of work done was valued at 61%, which should have amounted to ₦51,042,777.24 (Fifty one million, forty two thousand, seven hundred and seventy seven naira, twenty four kobo), and
iii. The contractor was paid the sum of ₦76,980,380.47 (Seventy six million, nine hundred and eighty thousand, three hundred and eighty naira, forty seven kobo) being 92% of the contract sum resulting in an overpayment of ₦6,696,303.53 (Six million, six hundred and ninety six thousand, three hundred and three naira, fifty three kobo) for the level of work not done.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Omoku, Rivers State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of National Assembly, the sum of ₦6,696,303.53 (Six million, six hundred and ninety six thousand, three hundred and three naira, fifty three kobo) being overpayment to a contractor.
ii. Recover and remit to the Treasury, the sum of ₦6,696,303.53.
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 (FR), 2009 should apply.

ISSUE 6: INFLATION OF CONTRACT PRICE (=₦6,548,500.00)

Description of Findings

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 for the procurement of HP 250 Intel 4GB laptop at the sum of ₦14,801,500.00 (Fourteen million, eight hundred and one thousand, five hundred naira) was awarded and paid vide P.V No. CAP11052019 dated 13th May, 2019.
ii. The Bill of quantities attached to the payment voucher showed that 36 items were at the cost of ₦390,477.00 each, and
iii. The Auditors market survey re-computation was ₦7,533,000.00 at ₦209,250.00 each but the contract was awarded at the sum of ₦14,801,500.00, leading to an overbilling in the sum of₦6,548,500.00 (Six million, five hundred and forty eight thousand, five hundred naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Omoku, Rivers State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦6,548,500.00 (Six million, five hundred and forty eight thousand, five hundred naira) being inflated contract price.
ii. Recover and remit the sum of ₦6,548,500.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to inflation of contract and gross misconduct prescribed in paragraphs 3102 and 3129 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 7: EXTRA-BUDGETARY CAPITAL EXPENDITURE (=₦92,926,684.00)

Description of Findings

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 College awarded and paid for contracts in 2018 and 2019 for various projects, paid for Consultancy fees, renovation of gymnasium building and construction of school entrance gate, capital project advertisement etc., amounting to ₦92,926,684.00 (Ninety two million, nine hundred and twenty six thousand, six hundred and eighty four naira), and
ii. There was no evidence to show the above expenditures were appropriated for.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical), Omoku, Rivers State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the reason for the unbudgeted expenditure amounting to ₦92,926,684.00 (Ninety two million, nine hundred and twenty six thousand, six hundred and eighty four naira).
ii. Recover and remit to the Treasury, the sum of ₦92,926,684.00.

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 (FR), 2009 respectively, should apply.

ISSUE 8: NON-ADHERENCE TO DUE PROCESS IN THE DISPOSAL OF VEHICLES (=₦86,562,240.00)

Description of Findings

Section 55 of the Public Procurement Act (PPA), 2007 states, "Open competitive bidding shall be the primary source of receiving offers for the purchase of any public property offered for sale." Also, sections 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 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."

Audit observed that:

i. Twelve (12) motor vehicles costing ₦86,562,240.00 (Eighty six million, five hundred and sixty two thousand, two hundred and forty naira) were disposed by the College.
ii. The College disposed the vehicles in (i) above at the sum of ₦86,562,240.00 (Eighty six million, five hundred and sixty two thousand, two hundred and forty naira) without evidence of valuation report as required by the provisions of extant regulations.
iii. One (1) Tractor T.T. 75 New Holland, Engine No. KGLA8610413 with Chassis No CNH87568356-26112HS valued at ₦5,800,000.00 was missing, Interim and Final Police Reports were not made available for audit, and
iv. Relevant documents such as letter of appointment of the auctioneer, evaluation report on the boarding of the motor vehicles and receipts of remittance of proceeds to the Treasury were not made available for audit.

The above anomalies could be attributed to weaknesses in internal control system at the Federal College of Education (Technical), Omoku, Rivers State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost 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 ₦86,562,240.00 (Eighty six million, five hundred and sixty two thousand, two hundred and forty naira).
ii. Recover and remit the sum of ₦86,562,240.00 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.

FEDERAL COLLEGE OF EDUCATION, OKENE, KOGI STATE.

At the Federal College of Education, Okene, Kogi State, the following observations were made:

ISSUE 1: PAYMENTS WITH STALE PAYMENT VOUCHERS (=₦8,754,522.50)

Description of Findings

Paragraph 611(c) of the Financial Regulations (FR), 2009 states, "A sub accounting officer may not make payment on a voucher unless it is not more than three months since the voucher was signed by officer controlling expenditure."

Audit observed that:

i. The College made several payments totalling ₦8,754,522.50 (Eight million, seven hundred and fifty four thousand, five hundred and twenty two naira, fifty kobo) with stale payment vouchers during the year under review, and
ii. The payments in (i) above were made without revalidation of the Payment Vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Okene, Kogi State.

Risks

i. Possibility of fraud.
ii. Multiple payments for transactions.

Management's Response

No Response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦8,754,522.50 (Eight million, seven hundred and fifty four thousand, five hundred and twenty two naira, sixteen kobo) with stale vouchers.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,754,522.50.
iii. Recover and remit the sum of ₦8,754,522.50 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 prescribed in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦5,448,200.00)

Description of Findings

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 ₦5,448,200.00 (Five million, four hundred and forty eight thousand, two hundred naira) was granted as cash advances to officers of the College for the procurement of stores and services, and
ii. The action of the College resulted in the loss of revenue amounting to ₦735,507.00 (Seven hundred and thirty five thousand, five hundred and seven naira) that would have accrued to the government through WHT, VAT and Stamp Duties.

The above anomalies could be attributed to weaknesses in the internal control system at the the Federal College of Education, Okene, Kogi State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Provost should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,448,200.00 (Five million, four hundred and forty eight thousand, two hundred naira) being payment in circumvention of procurement due process.
ii. Recover and remit to the Treasury, the sum of ₦5,448,200.00.
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 (FR), 2009 should apply.

ISSUE 3: DIVERSION OF TETFUND GRANT (=₦14,000,000.00)

Description of Findings
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." 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. TETFUND granted Federal College Okene Ventures Printing Press a contract amounting to ₦14,000,000.00 (Fourteen million naira) for the publishing of journals for some lecturers of the college in 2021, and
ii. Documents relating to the contract revealed that there was no functional printing press, rather the College used the moribund printing press to obtain the contract and thereafter subcontracted it to another press entirely.

The above anomalies could be attributed to weaknesses in the internal control system at the the Federal College of Education, Okene, Kogi State.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,000,000.00 (Fourteen million naira) being diversion of TETFUND grant.
ii. Recover and remit the sum of ₦14,000,000 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 4: UNAUTHORIZED CONVERSION OF GOVERNMENT PROPERTIES TO PERSONAL USE (=₦24,507,000.00)

Description of Findings

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 Highlander Toyota with chassis Number 5TDDZRFH6H5460717, traced to the College's Assets Register was not sighted during physical inspection, and
ii. The vehicle was in the custody of Council Chairman of the College.

The above anomalies could be attributed to weaknesses in the internal control system at the the Federal College of Education, Okene, Kogi State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:
i. Recover the vehicles from the Council Chairman of the College at the exact value it was taken away, failing which, they should be recovered at their purchase price/value.
ii. Forward evidence of compliance with (i) above to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct and non-payment for use of government property specified in paragraphs 3129 and 3113 of the Financial Regulations (FR), 2009 respectively, should apply.

FEDERAL COLLEGE OF EDUCATION, OKENE

At the Federal College of Education Okene, for the period January to December, 2020, the following observations were made:

ISSUE 1: NON-DEDUCTION OF RENTS FROM THE SALARIES OF OFFICERS OCCUPYING GOVERNMENT QUARTERS (=₦1,526,672.00)

Description of Findings

Paragraph 3007 of Financial Regulation (FR), 2009 states, "Officers in charge of salary payrolls shall ensure that appropriate rent is deducted from the salary of an officer who occupies a government quarter…."

Audit observed that:

i. Rents from Seventy seven (77) officers amounting to ₦1,526,672.00 (One million, five hundred and twenty six thousand, six hundred and seventy two naira) were not deducted from salaries of staff occupying government quarters for sixteen (16) months, and
ii. The last rent deduction on the affected officers was for January, 2020. The rent deduction was not effected from February, 2020 to May, 2021 in contravention of extant regulations.

The above anomalies could be attributed to weaknesses in internal control system at Federal College of Education, Okene.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Justify the non-deduction of rents amounting to ₦1,526,672.00 (One million, five hundred and twenty six thousand, six hundred and seventy two naira).
ii. Remit to the Treasury, the sum of ₦1,526,672.00.
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 prescribed in paragraphs 3112 and 3129 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦13,015,820.00)

Description of Findings

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 ₦13,015,820.00 (Thirteen million, fifteen thousand, eight hundred and twenty naira) was granted as cash advances to Staff of the College in 2020 for various purchases and services above the approved threshold, and
ii. The action in (i) above, resulted to a loss of revenue amounting to ₦1,757,135.70 (One million, seven hundred and fifty seven thousand, one hundred and thirty five naira, seventy kobo) that would have accrued to government through WHT, VAT and Stamp Duties.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Okene, Kogi State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦13,015,820.00 (Thirteen million, fifteen thousand, eight hundred and twenty naira) being cash advance granted in circumvention of procurement procedure.
ii. Recover and remit the sum of ₦13,015,820.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payments specified in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 3: VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦30,879,730.00)

Description of Findings

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 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..." 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."

Audit observed that:

i. Eighty two (82) payments amounting to ₦30,879,730.00 (Thirty million, eight hundred and seventy nine thousand, seven hundred and thirty naira) were made to third parties account instead of the original beneficiaries, and
ii. There was no evidence to confirm that the beneficiaries received the payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Okene, Kogi State.

Risks

i. Diversion of public funds.
ii. Funds may not get to the beneficiaries.

Management Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Provost should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the payment of ₦30,879,730.00 (Thirty million, eight hundred and seventy nine thousand, seven hundred and thirty naira) to third parties other than the beneficiaries.
ii. Recover and remit the sum of ₦30,879,730.00 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 (FR), 2009 should apply.

FEDERAL POLYTECHNIC BIDA, NIGER STATE

At the Federal Polytechnic Bida, Niger State for the period January to December, 2021, the following observations were made:

ISSUE 1: UNDER-DEDUCTION OF WITHOLDING TAX (=₦3,798,313.26)

Description of Findings

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 ₦79,790,085.23 (Seventy nine million, seven hundred and ninety thousand, eighty five naira, twenty three kobo) was paid through five (5) paid vouchers to four (4) consultants for consultancy services rendered in 2020.
ii. The sum ₦3,798,313.26 (Three million, seven hundred and ninety eight thousand, three hundred and thirteen naira, twenty six kobo) was deducted as Withholding tax at the rate of five percent (5%) 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 ₦3,798,313.26 (Three million, seven hundred and ninety eight thousand, three hundred and thirteen naira, twenty six kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic Bida, Niger State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Recover the sum of ₦3,798,313.26 (Three million, seven hundred and ninety eight thousand, three hundred and thirteen naira, twenty six 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 (FR), 2009 should apply.

ISSUE 2: UNRETIRED CASH ADVANCES (=₦2,164,950.00)

Description of Findings
Paragraph 1405 of the Financial Regulations (FR), 2009 states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by instalments 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. Twenty two (22) cash advances amounting to₦2,164,950.00 (Two million, one hundred and sixty four thousand, nine hundred and fifty naira) that were granted to officers of the Institution in 2020 remained unretired as at the time of audit in 2021, and
ii. No justification was provided for the non-retirement of the cash advances.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic Bida, Niger State

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Rector should be requested to:
i. Provide Justification to the Public Accounts Committees of the National Assembly for the non-retirement of cash advance amounting to ₦2,164,950.00 (Two million, one hundred and sixty four thousand, nine hundred and fifty naira).
ii. Recover and remit to Treasury, the sum of ₦2,164,950.00.
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 (FR), 2009 respectively, should apply.

FEDERAL POLYTECHNIC DAMATURU, YOBE STATE

At the Federal Polytechnic Damaturu, Yobe State for the period January to December, 2020, the following observations were made:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦57,994,083.97)

Description of Findings

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 Polytechnic expended the sum of ₦57,994,083.97 (Fifty seven million, nine hundred and ninety four thousand and eighty three naira, ninety seven kobo) on the purchase of various store items vide six (6) 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 Federal Polytechnic Damaturu, Yobe State.

Risks

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

Management's Response

No Response

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦57,994,083.97 (Fifty seven million, nine hundred and ninety four thousand, eighty three naira, ninety seven kobo) being payment for items purchased but not taken on store ledger charge.
ii. Recover and remit the sum of ₦57,994,083.97 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: UNRETIRED CASH ADVANCES (=₦10,545,152.00)

Description of Findings

Paragraph 1405 of the Financial Regulations (FR), 2009 states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by instalments 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 two (32) cash advances amounting to ₦10,545,152.00 (Ten million, five hundred and forty five thousand, one hundred and fifty two naira) that were granted to staff of the Polytechnic in 2020 remained unretired as at the time of audit in 2021, and
ii. 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 Federal Polytechnic Damaturu, Yobe State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector 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 ₦10,545,152.00 (Ten million, five hundred and forty five thousand, one hundred and fifty two naira).
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 (FR), 2009 respectively, should apply.

FEDERAL POLYTECHNIC EDE, OSUN STATE

At the Federal Polytechnic Ede, Osun State for the period January to December, 2020, the following observations were made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦8,984,435.00)

Description of Findings

Paragraph 1405 of the Financial Regulations (FR), 2009 states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by instalments 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. Thirteen (13) cash advances amounting to ₦8,984,435.00 (Eight million, nine hundred and eighty four thousand, four hundred and thirty five naira) that were granted to staff of the Institution in 2021 remained unretired as at the time of audit, and
ii. 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 Federal Polytechnic Ede, Osun State.

Risks

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

Management's Response

The issue was due to the challenges and perilous situation of corona virus pandemic that fell on the nation and the world at large which resulted to the delay in the retirement of some advances granted to the staff during the period in question. Please be informed that all the outstanding advances have now been retired in the year 2021.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the non-retirement of the cash advances.
ii. Recover and remit to the Treasury, the sum of ₦8,984,435.00 (Eight million, nine hundred and eighty four thousand, four hundred and thirty five naira).
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 (FR), 2009 respectively, should apply.

ISSUE 2: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT APPROVAL OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦3,675,000.00)

Description of Findings

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." Also, 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 Institution engaged the services of solicitors between 2018/ 2019 and 2020 at a total cost of ₦3,675,000.00 (Three million, six hundred and seventy five thousand naira) to carry out various legal services on its behalf, and
ii. The engagement of the solicitors as well as payments for their services was 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 Federal Polytechnic Ede, Osun State.

Risks

i. Engagement of inexperienced/unqualified solicitors.
ii. Diversion of public funds.

Management's Response

This has not caught attention of the management that recourse had to be made to the attorney General before payments are made for our legal services. Management made payments because we had followed due process in appointing the legal retainer for the Institution. The circular to that effect is not yet in our possession.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦3,675,000.00 (Three million, six hundred and seventy five thousand naira) paid for legal fees without the approval of the Honourable Attorney-General of the Federation.
ii. Recover and remit the sum of ₦3,675,000.00 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 prescribed in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 3: FOREIGN TRIPS UNDERTAKEN WITHOUT EVIDENCE OF APPROVAL BY THE HEAD OF CIVIL SERVICE OF THE FEDERATION (=₦2,090,016.00)

Description of Findings

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…" Also, 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 ₦2,090,016.00 (Two million, ninety thousand, and sixteen naira) vide PV. No. 60u/20 dated 19/10/2020 was spent by the Institution on foreign travel embarked by the former Rector for a personal research presentation, without clearance and approval by the Secretary to the Government of the Federation and/ or the Head of Civil Service of the Federation.
ii. The Rector ignored the internal auditor's query dated 30th September, 2020 on the unauthorized trip to Germany, rather the Institution went ahead to effect the payment, and
iii. 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 internal control system at the Federal Polytechnic Ede, Osun State.

Risks

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

Management's Response

No response

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector 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 ₦2,090,016.00 (Two million, ninety thousand, and sixteen 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.

FEDERAL POLYTECHNIC IDAH, KOGI STATE

At the Federal Polytechnic Idah, Kogi State for the period January to December, 2021, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PRE-PAYMENT AUDIT CHECKS (=₦53,627,466.00)

Description of Findings

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 favour 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." Also, 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 ₦53,627,466.00 (Fifty three million, six hundred and twenty seven thousand, four hundred and sixty six naira) was paid before internal audit check, and
ii. The payments in (i) above were not pre-audited by the Internal Auditor contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic Idah, Kogi State.

Risks

i. Loss of Government funds.
ii. Misapplication of public funds

Management's Response

No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Rector should be requested to:
i. Account for the sum of ₦53,627,466.00 (Fifty three million, six hundred and twenty seven thousand, four hundred and sixty six naira) paid without pre-payment audit.
ii. Recover and remit to the Treasury, the sum of ₦53,627,466.00.
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 2: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦69,141,177.00)

Description of Findings
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 ,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. Twelve (12) payments totalling ₦69,141,177.00 (Sixty nine million, one hundred and forty one thousand, one hundred and seventy seven naira) were made in 2021, and
ii. Relevant supporting documents such as letter of award, invoice, and job completion certificate were not attached to the paid vouchers

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic Idah, Kogi State.

Risks
i. Payment for job not executed.
ii. Diversion of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦69,141,177.00 (Sixty nine million, one hundred and forty one thousand, one hundred and seventy seven naira) paid without attachment of relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦69,141,177.00.
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.

NATIONAL BOARD FOR TECHNICAL EDUCATION, KADUNA STATE

At the **National Board for Technical Education, Kaduna State,** for the period January to December 2021, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUES TO CONSOLIDATED REVENUE FUND (=₦70,925,665.05)

Description of Findings

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 Board generated the sum of ₦283,702,660.20 (Two hundred and eighty three million, seven hundred and two thousand, six hundred and sixty naira, twenty kobo) in 2019/2020 as shown in the Table below, and

S/N	YEARS	AMOUNT GENERATED (₦)	25% TO BE REMITTED (₦)
1	2019	186,520,149.20	46,630,037.73
2	2020	97,182,511.00	24,295,627.75
	TOTAL	**283,702,660.20**	**70,925,665.05**

ii. The Board failed to remit the sum of ₦70,925,627.75 05 (Seventy million, nine hundred and twenty five thousand, six hundred and twenty seven naira, five kobo) being 25% of ₦283,702,660.20 generated within the period under review (2019 and 2020).

The above anomalies could be attributed to the weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-remittance of 25% of Internally Generated Revenue to the Consolidated Revenue Fund.
ii. Remit the sum of ₦70,925,627.75 05 (Seventy million, nine hundred and twenty five thousand, six hundred and sixty five naira, five kobo) being 25% of Internally Generated Revenue plus all accrued interests at the money market rate to the Government 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 prescribed in paragraph 3112 of the Financial Regulations (FR), 2009 should apply.

ISSUE 2: PAYMENT FOR WORKSHOPS WITHOUT EVIDENCE OF EXECUTION (=₦171,790,050.00)

Description of Findings

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 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 officer 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 ₦160,636,050.00 (One hundred and sixty million, six hundred and thirty six thousand and fifty naira) was paid to some Staff of the Board as cash advances to organize workshops for curriculum development, review, pre-critique and critique between 2019 and 2020.

ii. The sum of ₦11,154,000.00 (Eleven million, one hundred and fifty four thousand naira) was also paid to a consultant for curriculum development, review, pre-critique and critique workshops, and
iii. Evidence of execution such as the dates, venue, the duration of the workshops, job completion certificate, attendance register, reports, pictorial evidences etc., were not attached to the payment Vouchers.

The above anomalies could be attributed to the weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Executive Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦171,790,050.00 (One hundred and seventy one million, seven hundred and ninety thousand, fifty naira) for staff training and workshop without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦171,790,050.00.
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 (FR), 2009 respectively, should apply.

ISSUE 3: IRREGULAR PAYMENT OF SITTING ALLOWANCE TO COUNCIL MEMBERS (=₦9,790,300.00)

Description of Findings
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, 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".

Audit observed that:

i. The sum of ₦9,790,300.00 (Nine million, seven hundred and ninety thousand, three hundred naira) was paid to council members apart from the approved sitting allowances, and
ii. Evidence of approval for these allowances by the National Salaries Income and Wages Commission were not provided for scrutiny.

The above anomalies could be attributed to the weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,790,300.00 (Nine million, seven hundred and ninety thousand, three hundred naira) being unapproved allowances.
ii. Recover and remit to the Treasury, the sum of ₦9,790,300.00.
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 4: IRREGULAR PAYMENT OF SABBATICAL LEAVE (=₦9,178,832.42)

Description of Findings

Paragraph 1501 of the Financial Regulations (FR), 2009 states, "Salary is the personal emolument paid to an employee of an organisation, usually monthly for services rendered at a predetermined rate of pay". Also, paragraph 1502 of the FR states "All officers in the employment of the public service are eligible for the payment of salaries". Furthermore, paragraph 100222 of the Public Service Rules (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 ₦9,178,832.42 (Nine million, one hundred and seventy eight thousand, eight hundred and thirty two naira, forty two kobo) was paid to a member of the Council as at April, 2019 and another officer.
ii. The officers were said to have been on sabbatical leave but were earning salaries from the Board between July, 2019 and June, 2020.
iii. Evidence of due process for their enrolment was not provided for scrutiny, and
iv. The Board is not an academic Institution and as such its members cannot be paid for sabbatical leave. Therefore, the payment cannot be accepted as a legitimate charge against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦9,178,832.42 (Nine million, one hundred and seventy eight thousand, eight hundred and thirty two naira, forty two kobo) as sabbatical leave to two Board members.
ii. Recover and remit to the Treasury, the sum of ₦9,178,832.42.
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 3110 of the Financial Regulations (FR), 2009 should apply.

ISSUE 5: PAYMENT FOR DOUBTFUL SERVICES (=₦64,178,509.00)

Description of Findings

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." 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." Section 16(6aii) of the Public Procurement Act (PPA), 2007 states, "All

bidders in addition to requirements contained in any solicitation documents shall possess the necessary financial capability."

Audit observed that:

i. The sum of ₦64,178,509.00 (Sixty four million, one hundred and seventy eight thousand, five hundred and nine naira) was paid to a consultant to organise Quality Assurance training for both staff of the Board and Quality Assurance Managers and Assessors in different locations and times.
ii. Included in (i) above was the sum of ₦7,097,480.00 (Seven million and ninety seven thousand, four hundred and eighty naira) which was paid to the consultant on the 31st March, 2019, for a training scheduled for 8th and 12th April, 2019.
iii. The sum of ₦6,057,965.00 (Six million and fifty seven thousand, nine hundred and sixty five naira) was also paid to the consultant on the 31st March, 2019 for a programme scheduled to hold from 1st to 5th April, 2019,
iv. The action in (iii) above indicated that payment was made before service was rendered. On the Consultant's appointment letter, the Management approved payment for five (5) days training but payment was made for 10 days, and
iv. Evidence of execution of the training such as participants attendance register, job completion certificate, pictorial evidence/group photograph, copies of certificates issued to the participants and reports on the training programmes 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 Business and Technical Examinations Board, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦64,178,509.00 (Sixty four million, one hundred and seventy-eight thousand, five hundred and nine naira) being payment for training programme without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦64,178,509.00.
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 (FR), 2009 respectively, should apply.

ISSUE 6: UNRETIRED CASH ADVANCES (=₦13,463,600.00)

Description of Findings

Paragraph 1420(i) 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." Also paragraph 1405 of the FR, 2009 states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." 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 ₦13,463,600.00 (Thirteen million, four hundred and sixty three thousand, six hundred naira) was granted to Staff of the Board as advances for production of eleven (11) reports on curriculum development, review, pre-critique and main critique workshops organised by the Board in 2020.
ii. Most of the reports in (i) above were estimated at a value of ₦1,500,000.00 (One million, five hundred thousand naira) each.
iii. Copies of the reports in (ii) above were not provided for scrutiny, and
iv. The cash advances granted were yet to be retired as at the time of the audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,463,600.00 (Thirteen million, four hundred and sixty three thousand, six hundred naira) being unretired advances.
ii. Recover and remit to the Treasury, the sum of ₦13,463,600.00.
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 impress specified in paragraphs 3115 and3124 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 7: UNSUBSTANTIATED PAYMENT FOR PROJECT MONITORING AND EVALUATION (=₦72,933,054.00)

Description of Findings

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 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."

Audit observed that:

i. The sum of ₦37,118,454.00 (Thirty seven million, one hundred and eighteen thousand, four hundred and fifty four naira) and ₦35,814,600.00 (Thirty five million, eight hundred and fourteen thousand, six hundred naira) were paid to Staff of the Board to embark on monitoring and evaluation exercise for 2017/2018 and 2018/2019 physical developmental projects in Polytechnics in 2019 and 2020, respectively.
ii. The projects and their locations were not stated in the memo attached to the paid voucher, and
iii. The Institute did not provide evidence that the officers embarked on the monitoring and evaluation exercise.

The above anomalies could be attributed to weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦72,933,054.00 (Seventy two million, nine hundred and thirty three thousand, fifty four naira) paid for monitoring and evaluation exercise without evidence of execution.
iii. Recover and remit to the Treasury, the sum of ₦72,933,054.00.
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 effectively specified in paragraphs 3115 of the Financial Regulations (FR), 2009 should apply.

ISSUE 8: PAYMENTS MADE WITHOUT PAID VOUCHERS AND PRE-PAYMENT AUDIT (=₦16,886,995.00)

Description of Findings

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." Also, 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 ₦16,886,995.00 (Sixteen million, eight hundred and eighty six thousand, nine hundred and ninety five naira) were made without payment vouchers, and
ii. The payments in (i) above were not pre-audited as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Justify and account to the Public Accounts Committees of the National Assembly the sum of ₦16,886,995.00 (Sixteen million, eight hundred and eighty six thousand, nine hundred and ninety five naira) paid without paid vouchers and pre-payment audit.
ii. Recover and remit to the Treasury, the sum of ₦16,886,995.00.
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 (FR), 2009 respectively, should apply.

ISSUE 9: UNACCOUNTED BALANCE OF SPECIAL INTERVENTION FUND (=₦26,739,846.30)

Description of Findings

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…." Also, 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 ₦76,053,555.59 (Seventy six million and fifty three thousand, five hundred and fifty five naira, fifty nine kobo) was received by the Board as ETF Intervention Fund on the 29th January, 2020.
ii. Review of Special Intervention records and books of account showed that the sum of ₦32,752,410.77 (Thirty two million, seven hundred and fifty two thousand, four hundred and ten naira, seventy seven kobo) was paid to a contractor on the 3rd March, 2020 as ETF Intervention for training on installation and use of the equipment in selected Technical Colleges.
iii. As at 4th December, 2020 the balance of the Board had gone below the balance of the Special Intervention of ₦43,301,144.82 to ₦16,561,298.52, and
iv. The sum of ₦26,739,846.30 being the difference, was utilized by the Board to run other activities.

The above anomalies could be attributed to weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

Risks

i. Diversion of fund.
ii. Misappropriation of fund.
iii. Misapplication of fund.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦26,739,846.30 (Twenty six million, seven hundred and thirty nine thousand, eight hundred and forty six naira, thirty kobo) being the balance of the special invention released by TETFUND to the Board.
ii. Remit to the Treasury, the sum of ₦26,739,846.30.
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 10: PAYMENT OF NON-DTA TO STAFF (=₦3,152,000.00)

Description of Findings

Paragraph 1411(i) and (ii) of the Financial Regulations (FR), 2009 states, "the following duty tour allowances shall be paid to· any officer on official tour within Nigeria…. (ii) The above rates cover only lodging and feeding expenses…." Also Paragraph 3 (b) of the Federal Treasury Circular referenced TRY A10 & B10/2016/OAGF /CAD/026/V.111/101 dated 22nd November, 2016 provides that all partially funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to not more than 75% of their gross revenue and remit the 25% to the Consolidated Revenue Fund (CRF) or pay 80% of their operating surplus computed according to the approved template to the CRF, whichever is higher.

Audit observed that

i. The sum of ₦3,152,000.00 (Three million, one hundred and fifty two thousand naira) was paid to some staff of the Board as Non-Duty Tour Allowance (NDTA).
ii. The authority backing up the payment of the NDTA by the Board in (i) above was an internal memo dated 19th January, 1998, and
iii. The NDTA were paid to staff when they travel for any official assignment including when the Institution, they visit provides accommodation and feeding.

The above anomalies could be attributed to weaknesses in the internal control system at the National Business and Technical Examinations Board, Kaduna State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,152,000.0000 (Three million, one hundred and fifty two thousand naira) paid as NDTA.
ii. Recover and remit to the Treasury, the sum of ₦3,152,000.00.
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, prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

FEDERAL POLYTECHNIC, BAUCHI

At the Federal Polytechnic, Bauchi for the period January to December, 2021, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMNT PROCEDURE (=₦16,320,366.75)

Description of Findings

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 five (25) payments totaling ₦16,320,366.75 (Sixteen million, three hundred and twenty thousand, three hundred and sixty six naira, seventy five kobo) were made to staff of the Institution for the procurement of office equipment, stationaries, student handbooks, furniture, 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 ₦2,203,249.51 representing 7.5% VAT, 5% WHT and 1% Stamp Duty that would have accrued if the jobs were contracted out.

The above anomalies could be attributed to weaknesses in internal control system at the Federal Polytechnic, Bauchi.

Risks

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

Management's Response

No Response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Rector should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦16,320,366.75 (Sixteen million, three hundred and twenty thousand, three hundred and sixty six naira, seventy five kobo) to staff as cash advance in circumvention on procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦16,320,366.75.
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 2: IRREGULAR PAYMENT FOR PRINTING OF NON-SECURITY DOCUMENTS (=₦9,359,083.98)

Description of Findings
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 ₦9,359,083.98 (Nine million, three hundred and fifty nine thousand, eighty three naira ,ninety eight kobo) was paid to the personal accounts of two (2) staff for the procurement of non-security documents, students handbooks, semesters answers booklets.
ii. The sum of ₦1,263,476.33 (One million, two hundred and sixty three thousand, four hundred and seventy six naira, thirty three kobo) was revenue loss to the government as a result of the action in (i) above, 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 Polytechnic, Bauchi.

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

Management's Response
No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,359,083.98 (Nine million, three hundred and fifty nine thousand, eighty three naira, ninety eight kobo) paid into personal accounts of staff in circumvention of the procurement process.
ii. Recover and remit to the Treasury, the sum of ₦9,359,083.98.
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 (FR), 2009 respectively, should apply.

ISSUE 3: IRREGULARITIES IN THE PAYMENT OF SITTING ALLOWANCE (=₦3,747,943.40)

Description of Findings

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." Also, 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. 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 ₦3,747,943.40 (Three million, seven hundred and forty seven thousand, nine hundred and forty three naira, forty kobo) were paid to five (5) staff of the Institution as sitting allowance, and
ii. Staff paid were on monthly salary of the Institution 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 Federal Polytechnic, Bauchi.

Risks

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Rector should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦3,747,943.40 (Three million, seven hundred and forty seven thousand, nine hundred and forty three naira, forty kobo) being irregular payment of sitting allowance.
ii. Recover and remit the sum of ₦3,747,943.40 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 (FR), 2009 respectively, should apply.

ISSUE 4: UNRETIRED CASH ADVANCES (=₦9,235,248.50)

Description of Findings
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. Forty six (46) cash advances amounting to ₦9,235,248.50 (Nine million, two hundred and thirty five thousand, two hundred and forty eight naira, fifty kobo) that were granted to officers of the Institution in 2021 remained unretired as at the time of audit, and
ii. No justification was provided for the non-retirement of the cash advances.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Polytechnic, Bauchi.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Rector 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 ₦9,235,248.50 (Nine million,two hundred and thirty five thousand, two hundred and forty eight naira, fifty 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 (FR), 2009 respectively, should apply.

SECTION 8

HEALTH RESEARCH INSTITUTIONS AND PHYCHIATRIC HOSPITALS AUDIT DEPARTMENT

FEDERAL NEURO PSYCHIATRIC HOSPITAL, KWARE, SOKOTO.

At the Federal Neuro-Psychiatric Hospital, Kware, Sokoto, the following observations were made:

ISSUE 1: MOTOR VEHICLES NOT PRESENTED FOR VERIFICATION

Description of Findings

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;…" 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 Lexus Jeep with registration number 44R-12-FG, part of the vehicles maintained by the Hospital could not be accounted for by the Transport Officer, and
ii. There was no information on the present location and custody of the vehicle in (i) above.

The above anomalies could be attributed to weaknesses in internal control system at the Federal Neuro-Psychiatric Hospital, Kware, Sokoto.

Risks

i. Loss of government assets.
ii. Diversion of government assets for private use.

Management's Response

Letter has been written to the custodian of the vehicle to bring it back to the hospital.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the Lexus Jeep with registration number 44R-12-FG.
ii. Recover the vehicle 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.

FEDERAL NEURO-PSYCHIATRIC HOSPITAL, KADUNA.

At the **Federal Neuro-Psychiatric Hospital, Kaduna,** the following observations were made:

ISSUE 1: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦8,316,812.98)

Description of Findings

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. Two (2) payments totaling ₦8,316,812.98 (Eight million, three hundred and sixteen thousand, eight hundred and twelve naira, ninety eight kobo) were raised in favour of an officer of the Hospital for payments of electricity bills and professional service for 2021 Capital Project, and
ii. From the Institute's GIFMIS payment platform, these payments were made to an officer other than the ultimate beneficiaries in violation of the Federal Government e-payment policy.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuro-Psychiatric Hospital, Kaduna.

Risks

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

Management's Response

The Officer mentioned is the Hospital designated cashier. Until the forth quarter of the year KEADCO were not created on the GIFMIS platform hence payment could not be made to the company on GIFMIS platform.

When they were created on the platform, KEADCO has issues with FIRS for non remittance of taxes which further made it impossible to pay them.

Auditor's Evaluation

Audit notes the Management's response to the issue raised but not satisfactory. Therefore, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account for the sum of ₦8,316,812.98 (Eight million, three hundred and sixteen thousand, eight hundred and twelve naira, ninety eight kobo) to the Public Accounts Committees of the National Assembly.
ii. Recover the sum of ₦8,316,812.98 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 2: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦36,357,700.00)

Description of Findings

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 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. Thirty five (35) payments amounting to ₦36,357,700.00 (Thirty six million, three hundred and fifty seven thousand, seven hundred naira) were made to three officers of the Hospital in 2021 for the purchase of store 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, nor were they presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuro-Psychiatric Hospital, Kaduna.

Risks

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦36,357,700.00 (Thirty six million, three hundred and fifty seven thousand, seven hundred naira) being payment for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦36,357,700.00.
iii. Forward evidence of remittance to 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 FOR CONTRACTS WITHOUT EVIDENCE OF FULL EXECUTION (=₦53,241,513.00)

Description of Findings
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. Items valued at ₦53,241,513.00 (Fifty three million, two hundred and forty one thousand, five hundred and thirteen naira) and listed in the Bill of Quantity were not executed by four (4) contractors.
ii. The contracts were for the renovation of old male ward, extension of G.O.P.D. to accommodate emergency ward, construction of drug rehabilitation ward and renovation of old emergency ward, and
iii. There was no evidence of refund for the portion not executed by the contractors

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Neuro-Psychiatric Hospital, Kaduna.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦53,241,513.00 (Fifty three million, two hundred and forty one thousand, five hundred and thirteen naira) paid for contracts not fully executed.
ii. Recover and remit to the Treasury, the sum of ₦53,241,513.00.
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 gross misconduct prescribed in paragraphs 3014, 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦21,780,943.90)

Description of Findings
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 Hospital granted seventy two (72) cash advances amounting to ₦21,780,943.90 (Twenty one million, seven hundred and eighty thousand, nine hundred and forty three naira, ninety kobo) to some Officers between January and December, 2021.
ii. The cash advances were in excess of the approved threshold of ₦200,000.00 (Two hundred thousand naira), thereby circumventing procurement procedures, and
iii. The action of the Hospital resulted in the loss of ₦2,940,427.42 (Two million, nine hundred and forty thousand, four hundred and twenty seven naira, forty two 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 Neuro-Psychiatric Hospital, Kaduna.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦21,780,943.90 (Twenty one million, seven hundred and eighty thousand, nine hundred and forty three naira, ninety kobo) to staff as cash advance above the approved threshold.
ii. Recover the sum of ₦21,780,943.90 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.

ISSUE 5: DIVERSION OF CONTRACT PAYMENTS INTO STAFF ACCOUNT (=₦1,323,150.00)

Description of Findings

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. Eighteen (18) payments totaling ₦1,323,150.00 (One million, three hundred and twenty three thousand, one hundred and fifty naira) were made to an officer of the Hospital for cleaning and servicing of vehicles, 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 Neuro-Psychiatric Hospital, Kaduna.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,323,150.00 (One million, three hundred and twenty three thousand, one hundred and fifty naira) paid to an officer of the Hospital instead of the actual beneficiaries.
ii. Recover and remit the sum of ₦1,323,150.00 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.

SECTION 9
HIGHER EDUCATION AUDIT DEPARTMENT

FEDERAL UNIVERSITY OF GASHUA, YOBE STATE

At the Federal University of Gasua, Yobe State, for the period January to December, 2019, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦54,006,143.07)

Description of Findings

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 Internally Generated Revenue (IGR) amounting to ₦97,391,881.95 and ₦118,632,690.35 for the years 2018 and 2019 respectively, totaling ₦216,024,572.30 (Two hundred and sixteen million, twenty four thousand, five hundred and seventy two naira, thirty kobo), and
ii. The University did not remit the sum of ₦54,006,143.07 (Fifty four million, six thousand, one hundred and forty three naira, seven kobo), being 25% of the IGR, to the Consolidated Revenue Fund (CRF).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦54,006,143.07 (Fifty four million, six thousand, one hundred and forty three naira, seven kobo), being 25% of IGR for the years 2018 and 2019 not remitted to the CRF.
ii. Remit the sum of ₦54,006,143.07 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 2: NON-DEDUCTION OF STAMP DUTY (=₦16,167,563.72)

Description of Findings

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 University failed to deduct 1% Stamp Duty totaling ₦16,167,563.72 (Sixteen million, one hundred and sixty seven thousand, five hundred and sixty three naira, seventy two kobo) on payments made from capital, revenue, and TETFUND accounts in the years 2018 and 2019, and
ii. No reason was provided for the non-deduction and non-remittance of the Stamp duties to the appropriate tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Vice-Chancellor should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦16,167,563.72 (Sixteen million, one hundred and sixty seven thousand, five hundred and sixty three naira, seventy two kobo) being non-deducted and unremitted Stamp duty to the appropriate tax authority.

ii. Recover and remit to the relevant tax authority the sum of ₦16,167,563.72.
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: AWARD OF CONTRACT WITHOUT DUE PROCESS AND RELEVANT SUPPORTING DOCUMENTS (=₦65,643,572.00)

Description of Findings

Section 20(2) of the Procurement Act (PPA), 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 41 of the 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 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." 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) payment vouchers totaling ₦65,643,572.00 (Sixty five million, six hundred and forty three thousand, five hundred and seventy two naira) made from revenue, NEEDS, and Overhead accounts in the years 2018 and 2019 were not attached with evidence of due process, and
ii. Evidence of procurement due process and consultants' eligibility for the contract award such as open competitive bidding, advertisement, quotations, bid submission, technical and financial bid evaluation, contract agreement, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, certificate of Job completion, invoices, Bill of Quantity, Tender Board's ratification the contracts, SRVs etc, were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Vice-Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦65,643,572.00 (Sixty five million, six hundred and forty three thousand, five hundred and seventy two naira), being payment to contractor without due process.
ii. Provide to the Public Accounts Committees of the National Assembly, due process and relevant supporting documents, and
iii. 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 4: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦42,744,533.19)

Description of Findings
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 ₦42,744,533.19 (Forty two million, seven hundred and forty four thousand, five hundred and thirty three naira, nineteen kobo) was paid between January, 2018 and December, 2019 for procurement of 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 Receipt Vouchers (SRV) issued to authenticate the supplies were not attached.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks
i. Doubtful supplies
ii. Loss of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Vice-Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦42,744,533.19 (Forty two million, seven hundred and forty four thousand, five hundred and thirty three naira, nineteen kobo) expended on stores not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦42,744,533.19.
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: NON-RETIREMENT OF CASH ADVANCES (=₦13,151,840.00)

Description of Findings
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 ₦13,151,840.00 (Thirteen million, one hundred and fifty one thousand, eight hundred and forty naira) was granted as cash advance to fifty nine (59) staff of the University between January, 2018 and December, 2019.
ii. The advances remained unretired as at the time of the periodic checks in October, 2020, and
iii. There were multiple cases of cash advances without retiring previous ones.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Vice-Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,151,840.00 (Thirteen million, one hundred and fifty one thousand, eight hundred and forty naira) being unretired imprests/cash advances.
ii. Recover from the beneficiaries and remit to the Treasury, the sum of ₦13,151,840.00.
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: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦11,558,620.85)

Description of Findings

, 1999 (as amended) states, "…the Auditor-General or any person authorised by him in that behalf shall have access at all times to the books, records, returns and other documents relating to those accounts." Section 85 (2) of the Constitution of the Federal Republic of Nigeria
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 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. Eighteen (18) paid vouchers amounting to ₦11,558,620.85 (Eleven million, five hundred and fifty eight thousand, six hundred and twenty naira, eighty five kobo), used to effect payments in 2018 and 2019 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 Federal University of Gashua, Yobe State.

Risks
i. Payments for unapproved expenditures.
ii. Diversion of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦11,558,620.85 (Eleven million, five hundred and fifty eight thousand, six hundred and twenty naira, eighty five kobo) being payments made to various beneficiaries without evidence of raising paid vouchers.
iii. Recover and remit to the Treasury, the sum of ₦11,558,620.85.
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 7: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦82,117,006.05)

Description of Findings

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) paid vouchers totaling ₦82,117,006.05 (Eighty two million, one hundred and seventeen thousand, six naira, five kobo) were made for goods and services between January, 2018 and December, 2019, and
ii. The payments were made without attaching relevant supporting documents such as invoices/receipts, Store Receipt Vouchers (SRV), internal audit certificate, originating memos, etc to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks

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

Management's Response

No response.

Auditor’s Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the payment of ₦82,117,006.05 (Eighty two million, one hundred and seventeen thousand, six naira, five kobo) for various expenditures without supporting documents.
i. Recover the sum of ₦82,117,006.05 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 payments specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

FEDERAL UNIVERSITY OF GASHUA, YOBE STATE

At the Federal University of Gasua, Yobe State, the following observations were made:

ISSUE 1: PAYMENT FOR CONTINGENCY WITHOUT SUPPORTING DOCUMENTS (=₦14,203,064.00)

Description of Findings

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 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 fees amounting to ₦14,203,064.00 (Fourteen million, two hundred and three thousand, sixty four naira) was included in Bills of Quantities (BOQ) 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 weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Vice-Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,203,064.00 (Fourteen million, two hundred and three thousand, sixty four naira) being unaccounted contingency payments.
ii. Recover and remit to the Treasury, the sum of ₦14,203,064.00.
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 2: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦8,980,603.72)

Description of Findings
Section 16(6) (a-e) of the Public Procurement Acts (2007) states "All bidders in addition to requirements contained in any solicitation documents shall: possess the necessary; professional and technical qualifications to carry out particular procurements; financial capability; equipment and other relevant infrastructure; shall have adequate personnel to perform the obligations of the procurement contracts. possess the legal capacity to enter into the procurement contract; not be in receivership, the subject of any form of insolvency or bankruptcy proceedings or the subject of any form of winding up petition or proceedings; have fulfilled all its obligations to pay taxes, pensions and social security contributions not have any director who has been convicted in any country for any criminal offence relating to fraud or financial impropriety or criminal misrepresentation or falsification off acts relating to any matter."

Audit observed that:
i. Two (2) contracts totalling ₦8,980,603.72 (Eight million, nine hundred and eighty thousand, six hundred and three naira, seventy two kobo) were paid vide PV No. E-COLL/TSA-R/2021/311 and PV No. E-COLL/TSA-R/2021/307 both dated 15th December, 2021 for the general renovation of quarters and classrooms and for the supply of laterite earth for filling of access road.
ii. The payments were made without recourse to due process.
iii. The contracts were awarded without evidence of budgetary approvals in the Appropriation Act, and
iv. There was no evidence that the companies engaged were duly registered with the Corporate Affairs Commission (CAC).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks
i. Loss of government funds.
ii. Inflation of contracts.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Vice-Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦8,980,603.72 (Eight million, nine hundred and eighty thousand, six hundred and three naira, seventy two kobo) for contracts awarded without due process.
ii. Recover and remit to the Treasury, the sum of ₦8,980,603.72.
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, 2009 respectively, should apply.

ISSUE 3: AWARD OF CONSULTANCY SERVICES CONTRACT WITHOUT DUE PROCESS (=₦19,061,397.94)

Description of Findings
Section 44(a) & (b) of the Public Procurement Act, (PPA) 2007 states, "Where a procuring entity wishes to procure services for its needs which are precise and ascertainable: (a) It shall solicit for expressions of interest or applications to pre-qualify to provide the services by publishing a notice to that effect in at least 2 national newspapers and the procurement journal; (b) Where the value of the services to be procured is less than one million naira, or with the approval of the Bureau, of such a low value that only national consultants would be interested, the procuring entity may without placing any notice request at least 3 and not more than 10 consultants or service providers to make proposals for the provision of the services'' Also, section 24(1) of the 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 consultancy services for constituency projects and jobs totalling ₦19,061,397.94 (Nineteen million, sixty one thousand, three hundred and ninety seven naira, ninety four kobo) were awarded to the University consultants without due process, and
ii. The basis for selection of the consultant were not provided as several and repeated requests for the relevant tender documents/procedures which include advertisement

placed for the job, quotations received, evaluation of bidders etc. were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks

i. Lack of due economy in the award of contract
ii. Loss of government funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the award of consultancy contract amounting to ₦19,061,397.94 (Nineteen million, sixty one thousand, three hundred and ninety seven naira, ninety four kobo) without due process.
ii. Recover and remit to Treasury, the sum of ₦19,061,397.94.
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 4: UNJUSTIFIED PIECEMEAL REALIZATION OF MOBILISATION FEE PAID TO CONTRACTORS (=₦229,240,806.75)

Description of Findings

Paragraph 10(a) of Treasury circular Ref No: TRY/A4/B4/2002/OAGF/TS/026/1/1 dated 2nd July, 2002 states, "each capital project shall not have more than four (4) aggregates of four work completion certificates annually. The full mobilization fee already paid shall be recovered embloc from the first of the four certificates."

Audit observed that:

i. The sum of ₦229,240,806.75 (Two hundred and twenty nine million, two hundred and forty thousand, eight hundred and six naira, seventy five kobo) was paid to a contractor as mobilization fee, and
ii. Rather than recovering the advance payment in full before the expiration of the Advance Payment Bonds presented by the contractor, the University amortized the recovery fee over the life of the project.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Vice-Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦229,240,806.75 (Two hundred and twenty nine million, two hundred and forty thousand, eight hundred and six naira, seventy five kobo) being unrecovered mobilization fees.
ii. Recover and remit to the Treasury, the sum of ₦229,240,806.75.
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: UNDER-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦32,480,545.21)

Description of Findings
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 the sum of ₦129,922,180.83 (One hundred and twenty nine million, nine hundred and twenty two thousand, one hundred and eighty naira, eighty three kobo) as Internally Generated Revenue (IGR) in 2020, and
ii. The University failed to remit the sum of ₦32,480,545.21 (Thirty two million, four hundred and eighty thousand, five hundred and forty five naira, twenty one kobo) being 25% of the sum of ₦129,922,180.83 generated within the period under review.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Vice-Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the the sum of ₦32,480,545.21 (Thirty two million, four hundred and eighty thousand, five hundred and forty five naira, twenty one kobo) being unremitted Internally Generated Revenue.
ii. Remit to the Treasury, the sum of ₦32,480,545.21.
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 should apply.

ISSUE 6: LATE-REMITTANCE OF STATUTORY TAXES (=₦22,046,229.42)

Description of Findings
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, Stamp duty 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 University paid the sum of ₦32,480,545.21 (Thirty two million, four hundred and eighty thousand, five hundred and forty five naira, twenty one kobo) vide three (3) payment vouchers to Federal Inland Revenue Service, and
ii. The liabilities arose as a result of the late remittance of tax liabilities.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

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

Management's Response
No response
Auditor's Evaluation
Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations
The Vice-Chancellor should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the late-remittance of statutory taxes amounting to ₦32,480,545.21 (Thirty two million, four hundred and eighty thousand, five hundred and forty five naira, twenty one kobo) to the relevant tax authorities.
ii. Justify to the Public Accounts Committees of the National Assembly, the use of government funds to pay for taxes not deducted from contractors.
iii. Recover and remit to the Treasury, the sum of ₦32,480,545.21.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and
v. 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 7: IRREGULAR COMMUTATION OF UNSPENT LEAVE TO CASH (=₦5,448,526.48)

Description of Findings
Paragraph 19(1) of Public Service Rule (PSR), 2009 states, "Annual leave for members of the Foreign Service in Nigeria will be Rates of at the rates laid down in the Public Service Rules or extant Circulars. All leave officers are expected to take their vacation leave within the calendar year in which such leave is due. Unless approval is given for the deferment of such leave, it will be forfeited. Any leave approved for deferment shall be spent before the officer's retirement otherwise it will be forfeited. Authorized deferred leave may be commuted to cash only where an officer has been made to retire prematurely and cannot spend all his deferred leave before his retirement. No serving officer shall be allowed to commute to cash at the time of retirement any deferred leave."

Audit observed that:
i. The sum of ₦5,448,526.48 (Five million, four hundred and forty eight thousand, five hundred and twenty six naira, forty eight kobo) were made through two (2) paid voucher numbers E-Coll/TSA-R/2021/303 and E-Coll/TSA-R/2021/251 both dated 29th September, 2021, and
ii. The payments in (i) above were made for eight years unspent leave to the Vice-Chancellor and severance package to the immediate past Bursar in violation of the above regulation.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,448,526.48 (Five million, four hundred and forty eight thousand, five hundred and twenty six naira, forty eight kobo), being unspent leave to the Vice-Chancellor and severance package to the immediate past Bursar.
ii. Recover and remit to the Treasury, the sum of ₦5,448,526.48.
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 of the Financial Regulations, 2009 respectively should apply.

ISSUE 8: CIRCUMVENTION OF PROCUREMNT PROCEDURE (=₦5,941,557.50)

Description of Findings

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. Eight (8) cash advances amounting to ₦5,941,557.50 (Five million, nine hundred and forty one thousand, five hundred and fifty seven naira, fifty kobo) that were granted to four (4) Officers of the University in October, 2021, remained unretired at the time of audit in 2022.
ii. Two Officers were granted multiple cash advances despite not retiring the previous advances.
iii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iv. These cash advances deprived the government of revenue totalling ₦802,110.26 (i.e ₦445,616.81 + ₦297,077.87 + ₦59,415.57) representing 7.5% VAT, 5% WHT,

and 1% Stamp Duty, respectively, that would have accrued to the Government as taxes if the jobs were contracted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Gashua, Yobe State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to respond to the issue raised, the findings remain valid until the Management implements the recommendations.

Recommendations

The Vice-Chancellor should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦5,941,557.50 (Five million, nine hundred and forty one thousand, five hundred and fifty seven naira, fifty kobo) to staff as cash advance above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦5,941,557.50.
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.