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, 2023

(VOLUME I)

THE AUDITOR-GENERAL FOR THE FEDERATION

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AuGF/AR.2023/01 **26th March, 2026**

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, 2023

Pursuant to the provisions of Sections 85(2) and 85(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), I have the honour to submit to the National Assembly, four (4) hard copies and two (2) soft copies each of Volumes I and II 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, 2023.

2. Kindly note that the Auditor-General for the Federation's Annual Report on the Consolidated Financial Statements of the Federal Government of Nigeria (FGN) for the year ended 31st December, 2023 will be transmitted separately upon receipt of the Financial Statements from the Accountant-General of the Federation, in accordance with Section 85(5) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended).

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

Shaakaa Kanyitor Chira, FCNA, FCCrFA, FCCFI, FCTI, PhD
Auditor-General for the Federation
FRC/2023/PRO/ANAN/001/794576

TABLE OF CONTENTS

S/N	DETAILS	PAGE
1.	**Title Page**	i
2.	**Transmittal Letter**	ii
3.	**Table of Contents**	iii
4.	**Cross-cutting Issues**	iv
5.	**Section 1: Agricultural Audit Department (AAD)**	**1**
♦	Cocoa Research Institute of Nigeria, Ibadan.	2
♦	Division of Agricultural Colleges Ahmadu Bello University, Zaria, Kaduna State	4
♦	Federal College of Agricultural Produce Technology, Kano	11
♦	Federal College of Agriculture, Akure	31
♦	Federal College of Land Resources Technology, Owerri, Imo State	33
♦	Institute of Agricultural Research and Training, Ibadan, Oyo State	35
♦	National Agricultural Extension and Research Liaison Service, Zaira	36
♦	National Institute of Oil Palm Research (NIFOR), Benin city, Edo State	39
♦	National Veterinary Research Institute, Vom, Plateau State	43
♦	Nigeria Agricultural Insurance Corporation, Abuja	61
♦	Federal University of Agriculture, Umudike	63
6.	**Section 2: Extra-Ministerial Audit Department (EMAD)**	**101**
♦	Centre for Black and African Arts and Civilization (CBAAC)	102
♦	Development Bank of Nigeria (DBN), Plc, Abuja	103
♦	National Broadcasting Commission (NBC) Anuja (31st December, 2023)	111
♦	National Broadcasting Commission (NBC) Anuja (1st January to 31st December, 2023)	114
♦	National Film and Video Censor's Board (NFVCB), Abuja	121
♦	National Orientation Agency, Abuja	158
♦	Nigeria Meteorological Agency, (NIMET), Abuja	166
♦	Nigeria Railway Corporation, Lagos	172
♦	Nigeria Nuclear Regulatory Authority (NNRA), Abuja	184
♦	Ajeokuta Steel Rolling Company, Ajaokuta	188
♦	Council for the Regulation of Freight Forwarding in Nigeria (CRFFN)	201
♦	National Electricity Liability Management LTD/GTE (NELMCO), Abuja	214
♦	News Agency of Nigeria (NAN)	216
♦	Nigeria Social Insurance Trust Fund (NSITF)	219
♦	Independent National Electoral Commission (INEC), Abuja	223
7.	**Section 3: Education & Research Institutions Audit Department (ERIAD)**	**234**
♦	Federal Ministry of Education, Abuja	235
♦	Federal Ministry of Science, Technology and Innovation	244
♦	National Library of Nigeria, Abuja	259
♦	Nigeria French Language Village, Badagry, Lagos State	265

8.	**Section 4: Federal Capital Territory & Area Council Audit Department (FCT & ACAD)**	**277**
♦	Abuja Property Development Company Limited	278
♦	Public Health Department, FCT, Abuja	291
♦	Legal Services Secretariat, FCT, Abuja	295
♦	Nigeria Commodity Exchange, FCT, Abuja	300
♦	Secondary Education Board, FCT, Abuja	307
♦	Transport Secretariat, FCT, Abuja	310
♦	Treasury and Budget Department, FCT, Abuja	315
♦	Federal Capital Territory Administration, Abuja Infrastructure Investment Centre	323
♦	Abuja Investments Company Limited, Abuja	325
♦	Abuja Technology Village Free Zone Company, Abuja	327
♦	FCT Education Secretariat Headquarters, Abuja	332
♦	FCT Water Board, Abuja	335
♦	FCT Department of Science, Technology and Innovation (DSTI)	339
	FCT Area Councils' Office of Auditor-General, Abuja	341

To be continued in volume II

CROSS-CUTTING ISSUES

Cross-cutting issues refer to recurring cases of non-compliance and systemic internal control weaknesses identified in at least four (4) Ministries, Departments and Agencies (MDAs) of the Federal Government of Nigeria, as reported in the Auditor-General for the Federation's Annual Report on Non-Compliance/Internal Control Weaknesses in MDAs for the year ended 31st December, 2023.

These issues are indicative of pervasive control deficiencies and institutional lapses that transcend individual MDAs, thereby posing significant risks to public financial management, accountability, and service delivery.

The attention of the Public Accounts Committees (PACs) of the National Assembly had been consistently drawn to each of these issues through detailed audit observations, recommendations, and proposed sanctions, with a view to ensuring corrective actions, enforcing accountability, and preventing recurrence. For completeness and due process, each of these issues has also been comprehensively addressed under the respective MDAs in the main body of the Report.

Furthermore, the aggregation and presentation of these issues as "Cross-Cutting" is intended to provide a consolidated and strategic perspective to the PACs and other key stakeholders. This approach enables a holistic appreciation of the magnitude, pattern, and financial implications of such recurring infractions, particularly in terms of the quantum of public funds involved and the recoveries being pursued.

Accordingly, this section of the Report seeks to highlight, in a concise and accessible format, the total amount recommended for recovery by the Federal Government of Nigeria under this category of systemic irregularities.

The Cross-Cutting Issues identified for the year ended 31st December, 2023, are as follows:

ISSUE 1: SPLITTING OF CONTRACTS TO CIRCUMVENT PROCUREMENT/APPROVAL THRESHOLD (=₦10,965,762,204.80)

Description of Findings

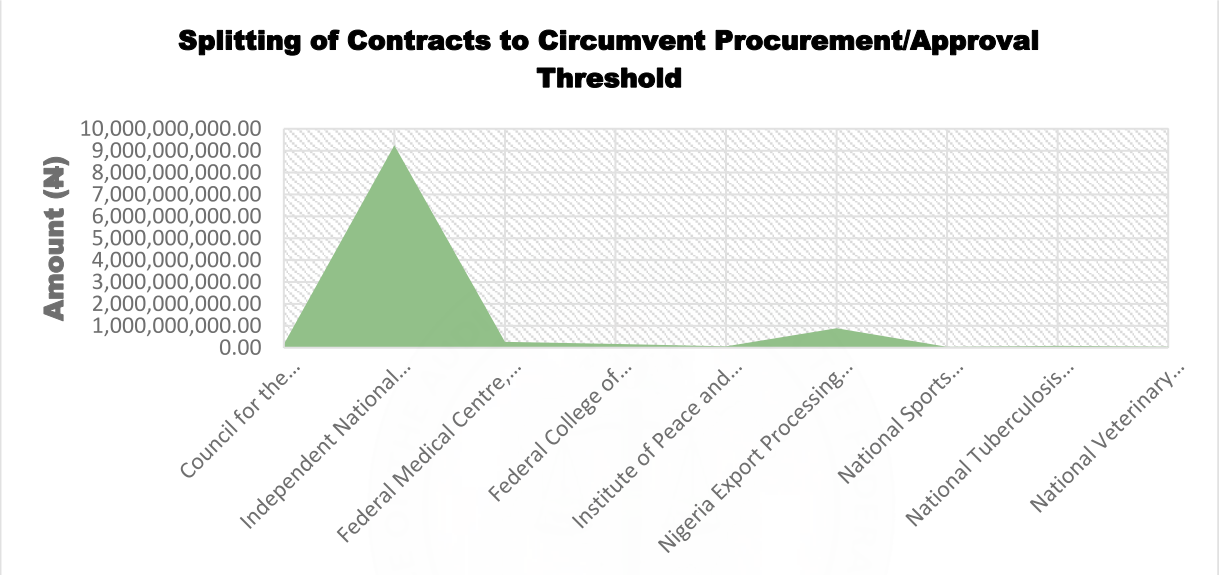
Section 20(2) of the Public Procurement Act (PPA) (2007) states "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring 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 ₦10,965,762,204.80 (Ten billion, nine hundred and sixty five million, seven hundred and sixty two thousand, two hundred and four naira, eighty kobo)

was the amount of contract splitting to circumvent approval threshold by nine (9) Ministries, Departments and Agencies (MDAs), and

ii. The Independent National Electoral Commission (INEC), Abuja, had the highest amount of ₦9,245,965,502.60 (Nine billion, two hundred and forty five million, nine hundred and sixty five thousand, five hundred and two naira, sixty kobo) while the National Sports Commission, Abuja, had the least amount of ₦38,120,000.00 (Thirty eight million, one hundred and twenty thousand naira) as shown in the Figure below.



ISSUE 2: UNDER REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CRF (=₦6,193,990,793.87)

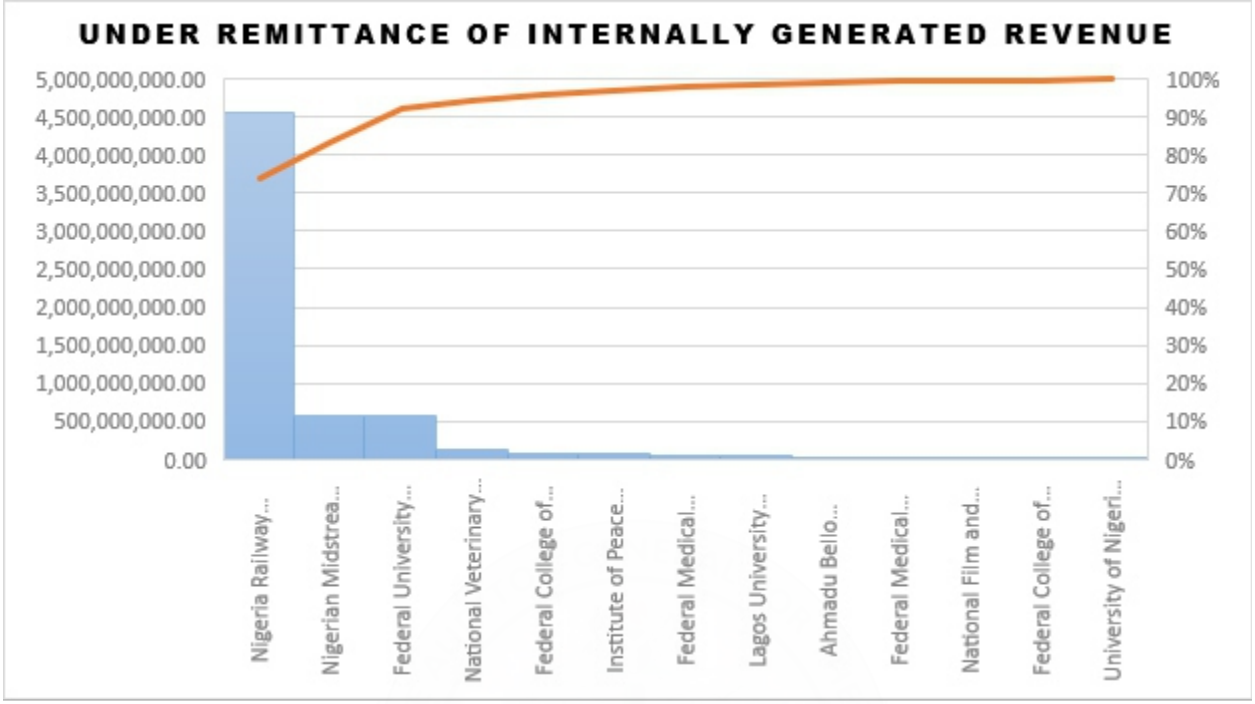
Description of Findings

Paragraph 1(i) of the Treasury Circular Ref. No. FMFBNP/OTHERS/IGR/CFR/12/2021 dated 20th December, 2021, states, "All Ministries, Departments and Agencies (MDAs) that are fully funded through the Annual Federal Government Budget (receiving Personnel, overhead and capital allocation) should remit 100% (One Hundred Percent) of their Internally Generated Revenue (IGR) to the Sub-Recurrent Account which is a sub component of the Consolidated Revenue Fund (CRF)."

Audit observed that:

i. The sum of ₦6,193,990,793.87 (Six billion, one hundred and ninety three million, nine hundred and ninety thousand, seven hundred and ninety three naira, eighty seven kobo) was the amount of under remittance of internally generated revenue to the CRF by thirteen (13) Ministries, Departments and Agencies (MDAs), and

ii. The Nigeria Railway Corporation, Lagos, had the highest amount of ₦4,570,288,685.00 (Four billion, five hundred and seventy million, two hundred and eighty eight thousand, six hundred and eighty five naira) while the University of Nigeria Teaching Hospital, Ituku-Ozalla, Enugu, had the least amount of ₦12,423,230.44 (Twelve million, four hundred and twenty three thousand, two hundred and thirty naira, forty four kobo) as shown in the Figure below.



ISSUE 3: IRREGULAR PAYMENTS (=₦12,819,812,495.57)

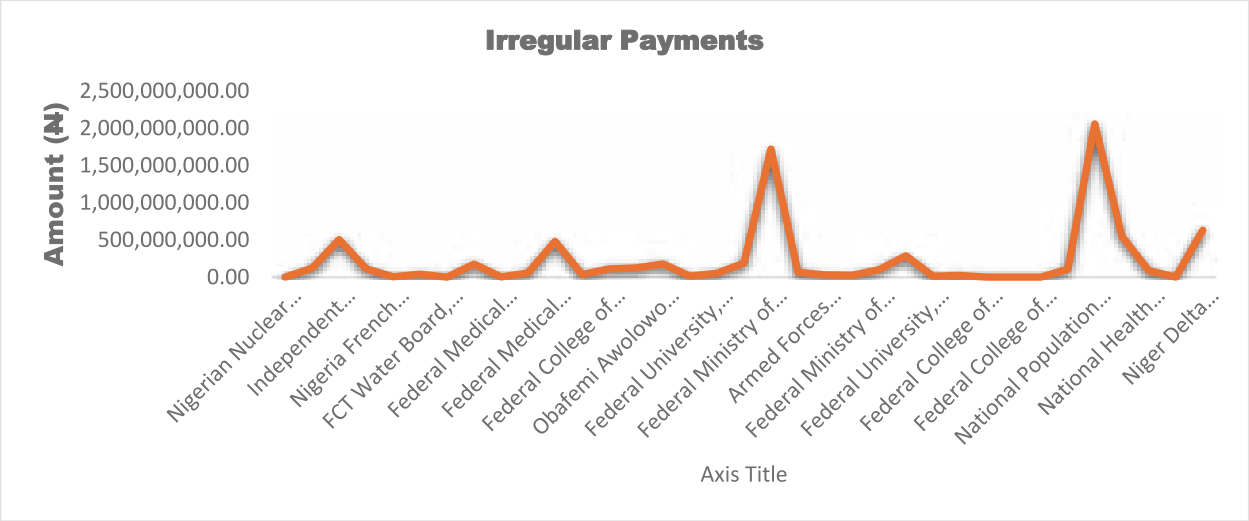
Description of Findings

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 ₦12,819,812,495.57 (Twelve billion, eight hundred and nineteen million, eight hundred and twelve thousand, four hundred and ninety five naira, fifty seven kobo) was the amount of irregular payments by forty five (45) Ministries, Departments and Agencies (MDAs), and

ii. The Federal College of Agricultural Produce Technology, Kano, had the highest amount of ₦2,297,926,290.20 (Two billion, two hundred and ninety seven million, nine hundred and twenty six thousand, two hundred and ninety naira, twenty kobo) while the FCT Water Board, Abuja, had the least amount of ₦932,000.00 (Nine hundred and thirty two thousand naira) as shown in the Figure below.



ISSUE 4: CASH ADVANCES GRANTED ABOVE LIMIT (=₦5,059,130,358.05)

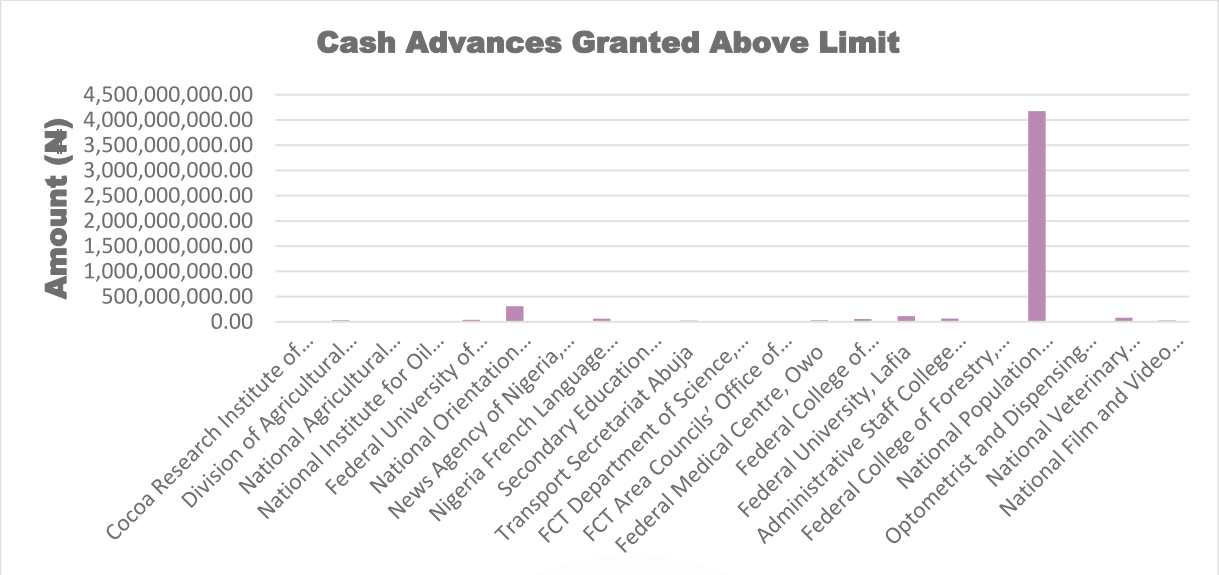
Description of Findings

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 ₦5,059,130,358.05 (Five billion, fifty nine million, one hundred and thirty thousand, three hundred and fifty eight naira, five kobo) was the amount of cash advances granted above the statutory limit by twenty one (21) Ministries, Departments and Agencies (MDAs), and

ii. The National Population Commission (NPC), had the highest amount of ₦4,175,682,985.28 (Four billion, one hundred and seventy five million, six hundred and eighty two thousand, nine hundred and eighty five naira, twenty eight kobo) while the National Agricultural Extension & Research Liaison Services, Zaria, had the least amount of ₦2,036,500.00 (Two million, thirty six thousand, five hundred naira) as shown in the Figure below.



ISSUE 5: UNRETIRED CASH ADVANCES (=₦4,799,354,588.71)

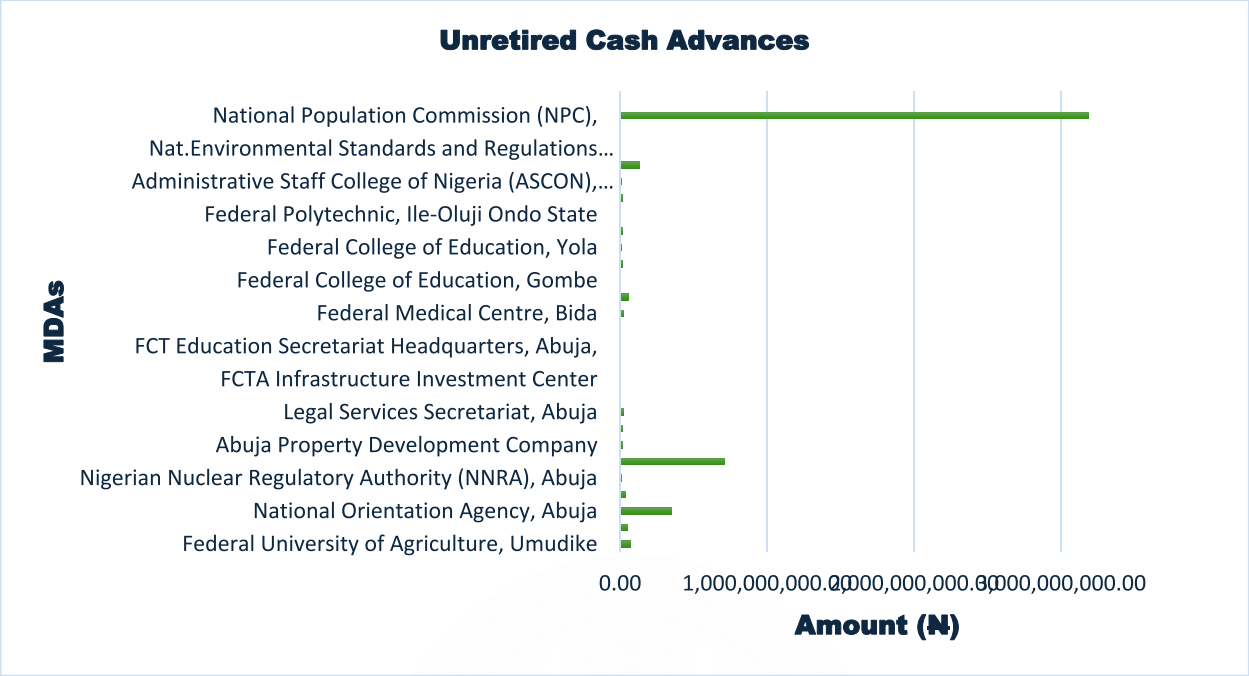
Description of Findings

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." Furthermore, paragraph 2302 (ii) of the FR (2009) states, "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally."

Audit observed that:

i. The sum of ₦4,799,354,588.71 (Four billion, seven hundred and ninety nine million, three hundred and fifty four thousand, five hundred eighty eight naira, seventy one kobo) was the amount of cash advances not retired in twenty eight (28) Ministries, Departments and Agencies (MDAs), and

ii. The National Population Commission (NPC), had the highest amount of ₦3,189,906,137.40 (Three billion, one hundred and eighty nine million, nine hundred and six thousand, one hundred and thirty seven naira, forty kobo) while the Federal Polytechnic, Ile-Oluji, Ondo State, had the least amount of ₦1,075,000.00 (One million, seventy five thousand naira) as shown in the Figure below.



ISSUE 6: UNSUBSTANTIATED/UNACCOUNTED PAYMENTS (=₦50,417,551,539.09)

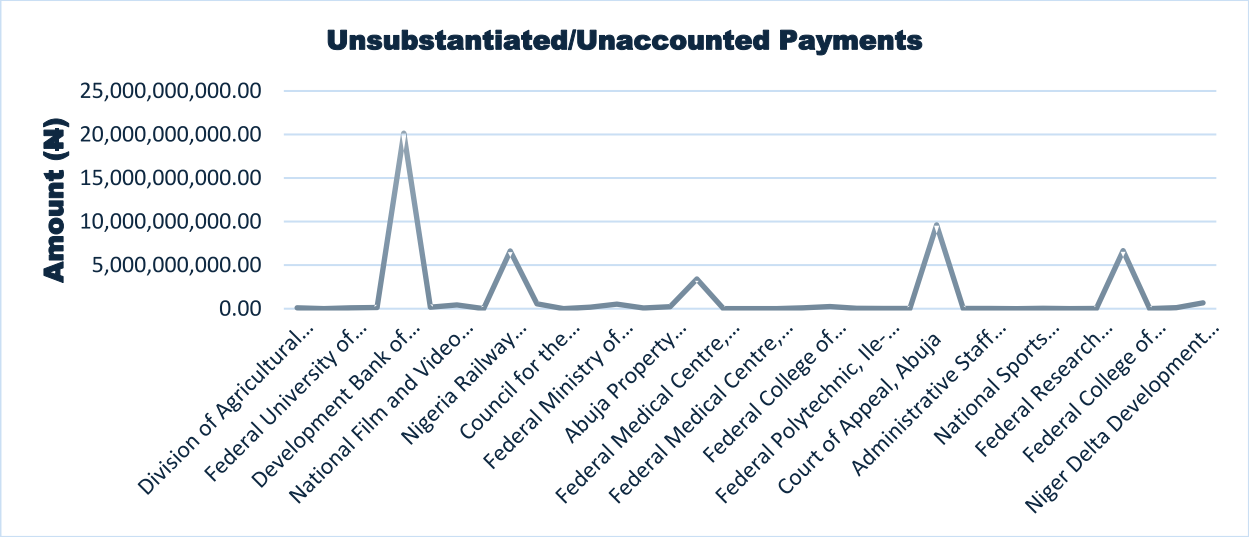
Description of Findings

Paragraph 112 (f) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…" 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 ₦50,417,551,539.09 (Fifty billion, four hundred and seventeen million, five hundred and fifty one thousand, five hundred and thirty nine naira, nine kobo) was the amount of unsubstantiated/unaccounted payments by thirty seven (37) Ministries, Departments and Agencies (MDAs), and

ii. The Development Bank of Nigeria (DBN) Plc, Abuja, had the highest amount of ₦20,151,947,056.28 (Twenty billion, one hundred and fifty one million, nine hundred and forty seven thousand, fifty six naira, twenty eight kobo) while the Federal Training Centre, Calabar, had the least amount of ₦1,650,000.00 (One million, six hundred and fifty thousand naira) as shown in the Figure below.



ISSUE 7: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CRF (=₦1,373,486,050.00)

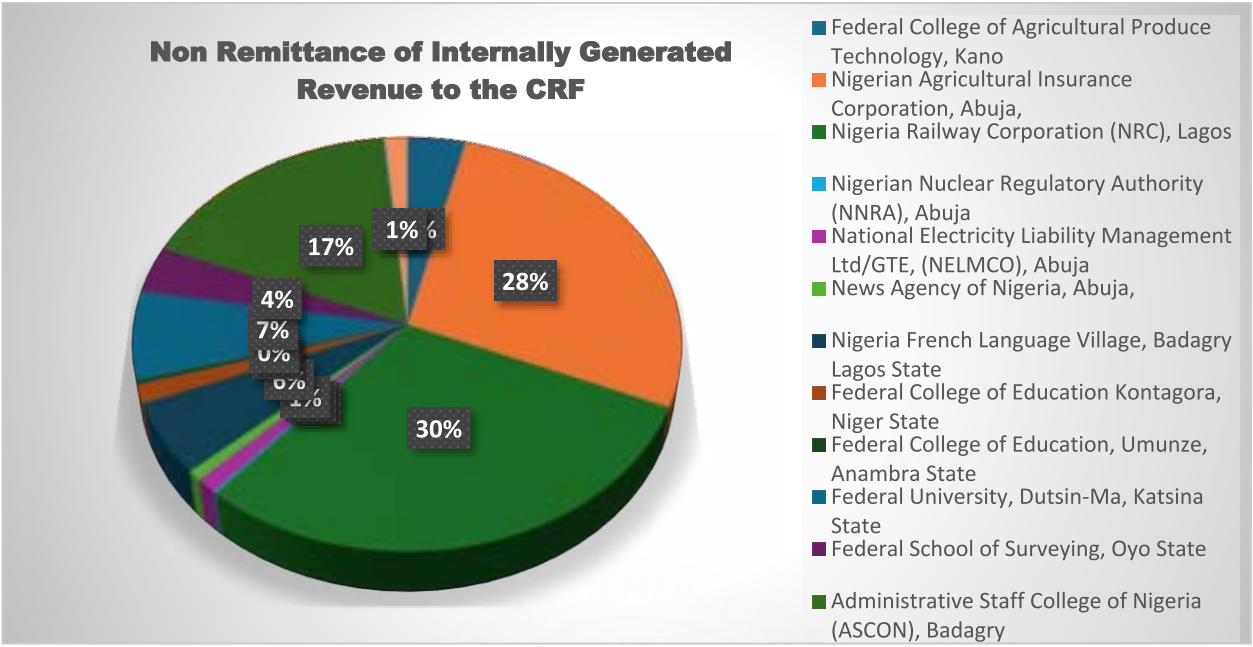
Description of Findings

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 1 of the Finance Circular Ref. No. FMFBNP/OTHERS/IGR/CFR/12/2021 of 20th December, 2021, states, "…(ii)all partially-funded Federal Government Agencies/Parastatals (receiving Capital or overhead allocation from the Federal Government Budget) should limit their annual budgetary expenditure from their Internally Generated Revenue (IGR) to not more than 50% (fifty percent) of their gross IGR and remit 100% (hundred percent) of the remaining 50% (fifty percent) to the Sub-Recurrent Account. All statutory revenue lines like tender fees, contractor's registration fees etc., should be remitted 100%"

Audit observed that:

i. The sum of ₦1,373,486,050.00 (One billion, three hundred and seventy three million, four hundred and eighty six thousand, fifty naira) was the amount of internally generated revenue not remitted to the CRF by fifteen (15) Ministries, Departments and Agencies (MDAs), and

ii. The Nigeria Railway Corporation (NRC) Lagos, had the highest amount of ₦410,000,000.00 (Four hundred and ten million naira) while the Federal Research Institute of Nigeria, (FRIN), Ibadan, Oyo State, had the least amount of ₦1,434,635.00 (One million, four hundred and thirty four thousand, six hundred and thirty five naira) as shown in the Figure below.



ISSUE 8: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦685,647,955.21)

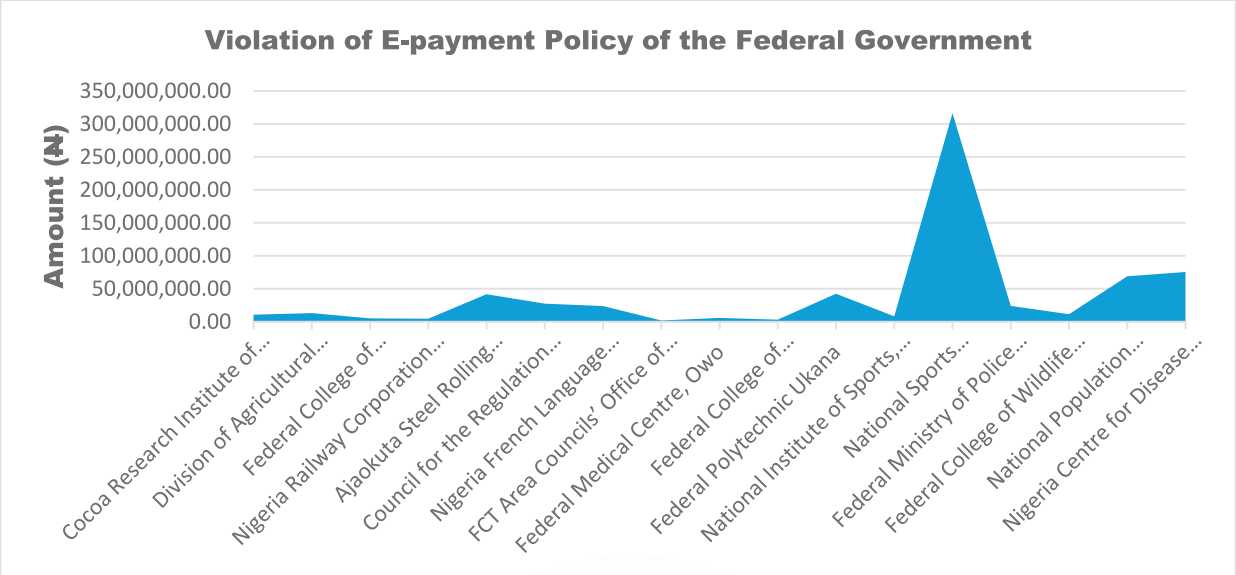
Description of Findings

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. The sum of ₦685,647,955.21 (Six hundred and eighty five million, six hundred and forty seven thousand, nine hundred and fifty five naira, twenty one kobo) was the amount of payments in violation of the e-payment policy of the federal government by seventeen (17) Ministries, Departments and Agencies (MDAs), and

ii. The National Sports Commission, Abuja, had the highest amount of ₦316,214,089.00 (Three hundred and sixteen million, two hundred and fourteen thousand, eighty nine naira) while the FCT Area Councils' Office of the Auditor-General, had the least amount of ₦1,996,250.00 (One million, nine hundred and ninety six thousand, two hundred and fifty naira) as shown in the Figure below.



ISSUE 9: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦4,123,313,603.54)

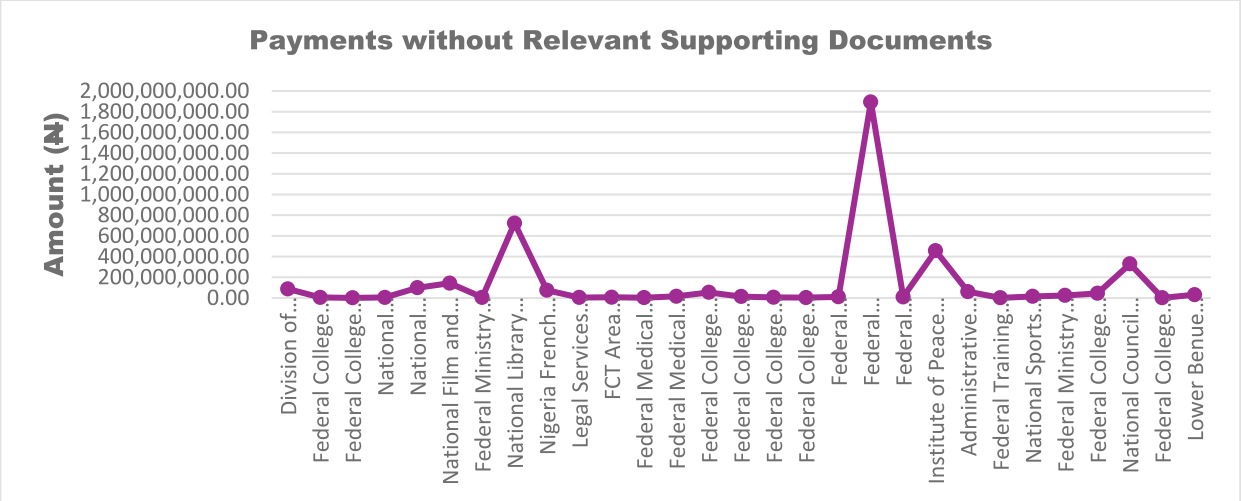
Description of Findings

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 ₦4,123,313,603.54 (Four billion, one hundred and twenty three million, three hundred and thirteen thousand, six hundred and three naira, fifty four kobo) was the amount of payments without relevant supporting documents by twenty nine (29) Ministries, Departments and Agencies (MDAs), and

ii. The Federal University, Gashua, had the highest amount of ₦1,893,802,100.91 (One billion, eight hundred and ninety three million, eight hundred and two thousand, one hundred naira, ninety one kobo) while the Federal Training Centre, Calabar, had the least amount of ₦1,100,282.00 (One million, one hundred thousand, two hundred and eighty two naira) as shown in the Figure below.



ISSUE 10: PROCUREMENT OF ICT FACILITIES WITHOUT CLEARANCE FROM THE NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY (=₦6,251,850,607.08)

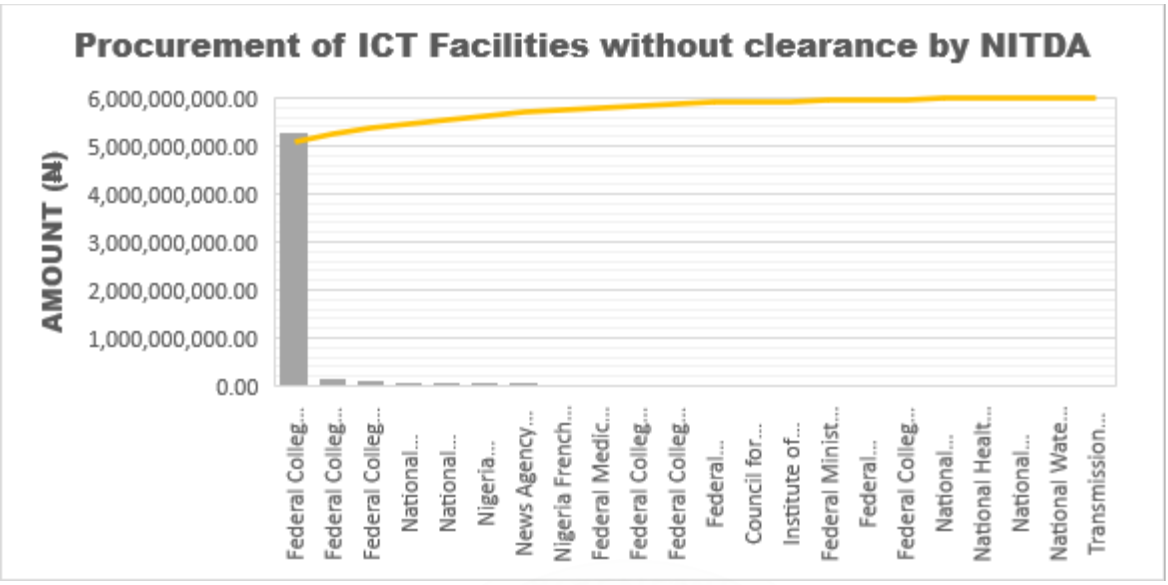
Description of Findings

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 ₦6,251,850,607.08 (Six billion, two hundred and fifty one million, eight hundred and fifty thousand, six hundred and seven naira, eight kobo) was the amount of ICT facilities procured without clearance by the National Information Technology Development Agency (NITDA) by twenty two (22) Ministries, Departments and Agencies (MDAs), and

ii. The National Population Commission (NPC) had the highest amount of ₦5,283,413,385.64 (Five billion, two hundred and eighty three million, four hundred and thirteen thousand, three hundred and eighty five naira, sixty four kobo) while the Federal College of Agriculture, Akure, had the least amount of ₦1,400,000.00 (One million, four hundred thousand naira) as shown in the Figure below.



ISSUE 11: PAID VOUCHERS NOT PRESENTED FOR EXAMINATION (=₦355,999,644.00)

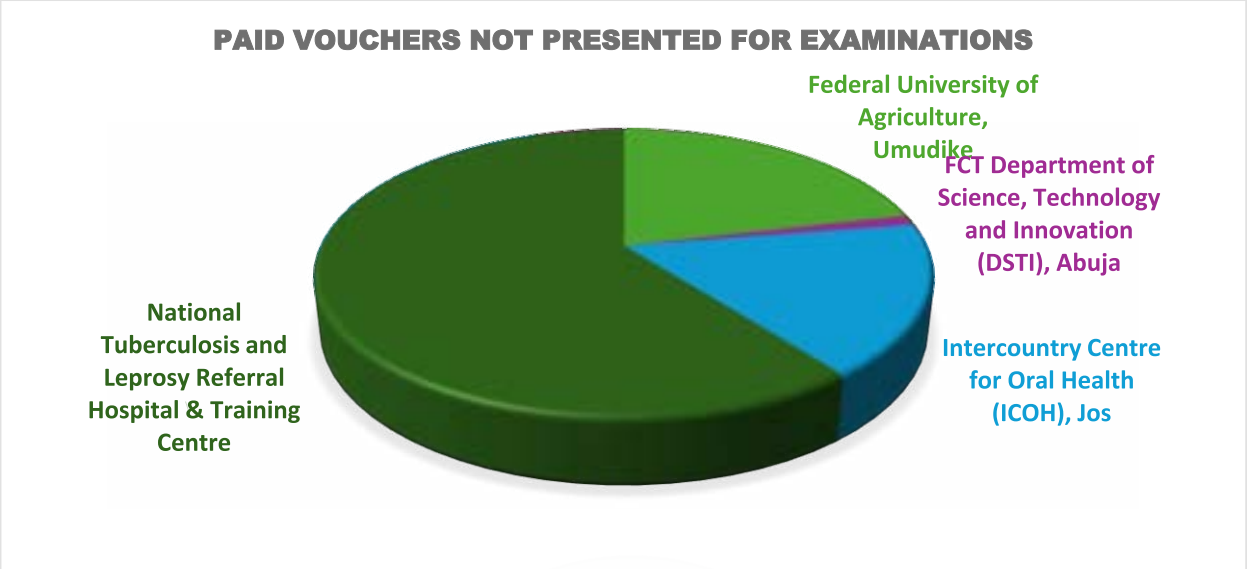
Description of Findings

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 ₦355,999,644.00 (Three hundred and fifty five million, nine hundred and ninety nine thousand, six hundred and forty four naira) was the amount of paid vouchers not presented for examination by four (4) Ministries, Departments and Agencies (MDAs), and

ii. The National Tuberculosis and Leprosy Referral Hospital & Training Centre, had the highest amount of ₦215,396,751.52 (Two hundred and fifteen million, three hundred and ninety six thousand, seven hundred and fifty one naira, fifty two kobo) while the FCT Department of Science, Technology and Innovation (DSTI) Abuja, had the least amount ₦4,072,000.00 (Four million, seventy two thousand naira) as shown in the Figure below.



ISSUE 12: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦126,972,463,416.88)

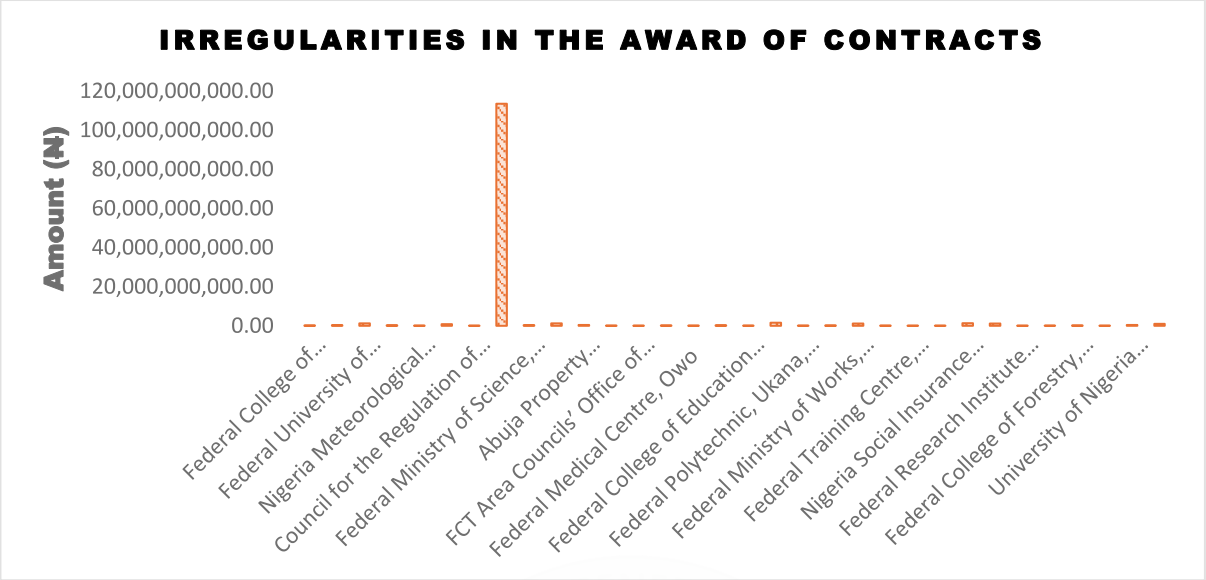
Description of Findings

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 contractors/suppliers shall be subjected to the same level playing ground. The format for submission of bids, the deadline for submission and the pre-determined criteria for evaluation shall not vary from one contractor/supplier to the other; they shall be the same."

Audit observed that:

i. The sum of ₦126,972,463,416.88 (One hundred and twenty six billion, nine hundred and seventy two million, four hundred and sixty three thousand, four hundred and sixteen naira, eighty eight kobo) was the amount of irregularities in the award of contracts by thirty two (32) Ministries, Departments and Agencies (MDAs), and

ii. The Independent National Electoral Commission (INEC) Abuja, had the highest amount of ₦113,449,625,845.00 (One hundred and thirteen billion, four hundred and forty nine million, six hundred and twenty five thousand, eight hundred and forty five naira) while the Federal College of Forest Resources Management Ishiagu, Ebonyi State, had the least amount of ₦8,600,000.00 (Eight million, six hundred thousand naira) as shown in the Figure below.



ISSUE 13: VIOLATION OF DUE PROCESS IN AWARD OF CONTRACTS (=₦23,104,064,839.49)

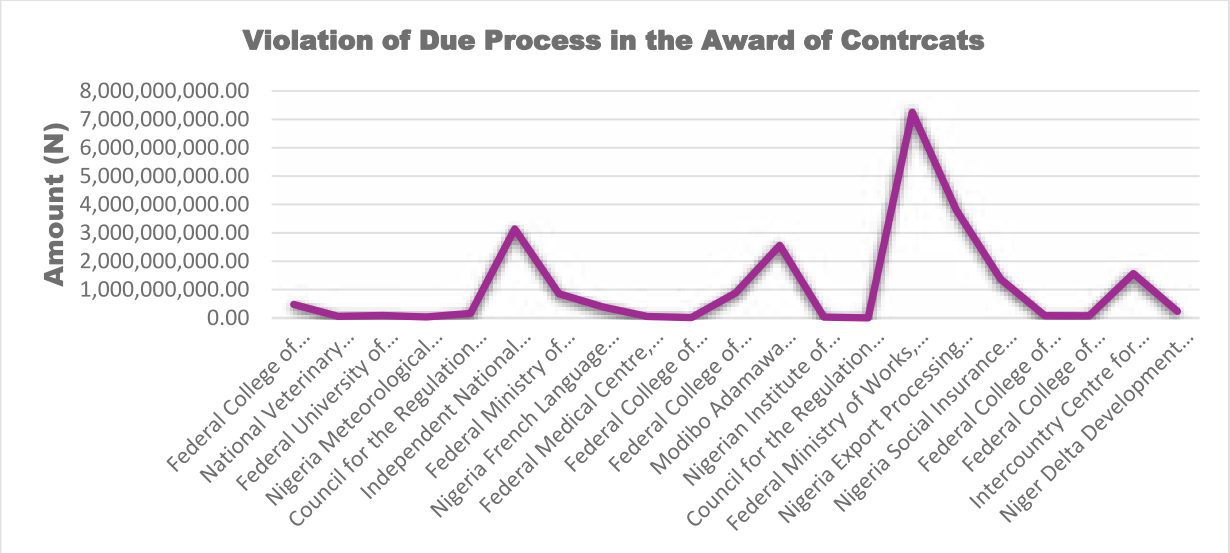
Description of Findings

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 ₦23,104,064,839.49 (Twenty three billion, one hundred and four million, sixty four thousand, eight hundred and thirty nine naira, forty nine kobo) was the amount of contracts awarded in violation of due process by twenty one (21) Ministries, Departments and Agencies (MDAs), and

ii. The Federal Ministry of Works, Headquarters, Abuja, had the highest amount of ₦7,250,024,112.39 (Seven billion, two hundred and fifty million, twenty four thousand, one hundred and twelve naira, thirty nine kobo) while the Council for the Regulation of Engineering in Nigeria (COREN) Abuja, had the least amount of ₦3,285,662.87 (Three million, two hundred and eighty five thousand, six hundred and sixty two naira, eighty seven kobo) as shown in the Figure below.



ISSUE 14: PAYMENT FOR INTERNATIONAL TRAVELS WITHOUT APPROVAL (=₦608,506,665.50)

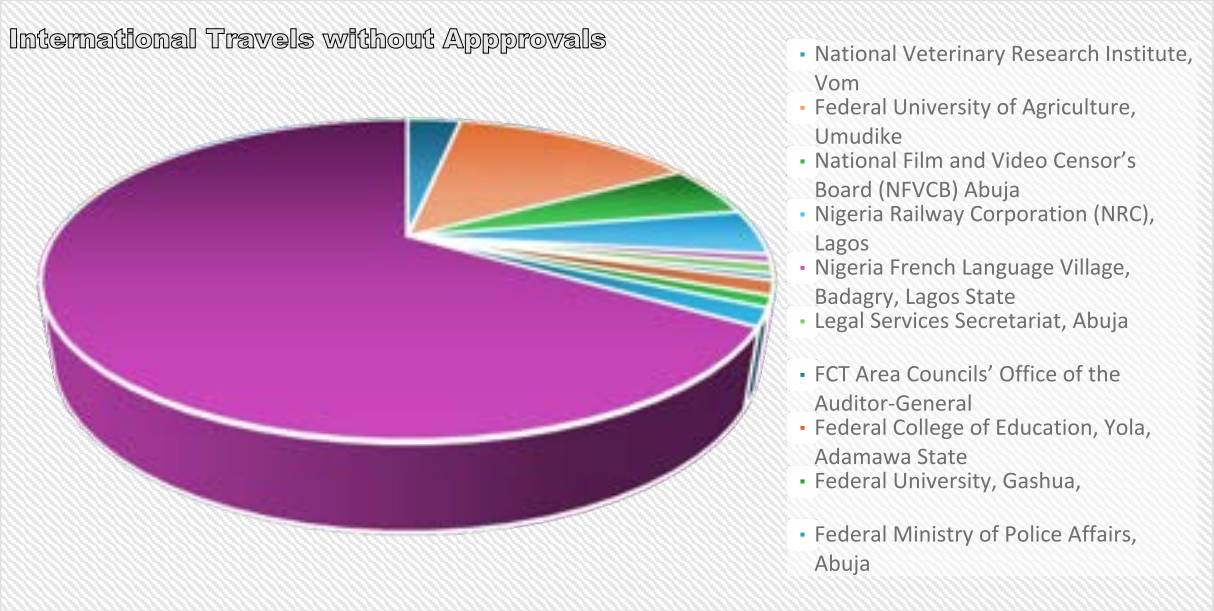
Description of Findings

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 ₦608,506,665.50 (Six hundred and eight million, five hundred and six thousand, six hundred and sixty five naira, fifty kobo) was the amount of payments for foreign trips without relevant approvals by twelve (12) Ministries, Departments and Agencies (MDAs), and

ii. The National Population Commission (NPC) had the highest amount of ₦402,979,378.00 (Four hundred and two million, nine hundred and seventy nine thousand, three hundred and seventy eight naira) while the FCT Area Councils' Office of the Auditor-General, had the least amount of ₦3,730,000.00 (Three million, seven hundred and thirty thousand naira) as shown in the Figure below.



ISSUE 15: PAYMENTS FOR JOBS/CONTRACTS NOT EXECUTED (=₦7,104,478,510.47)

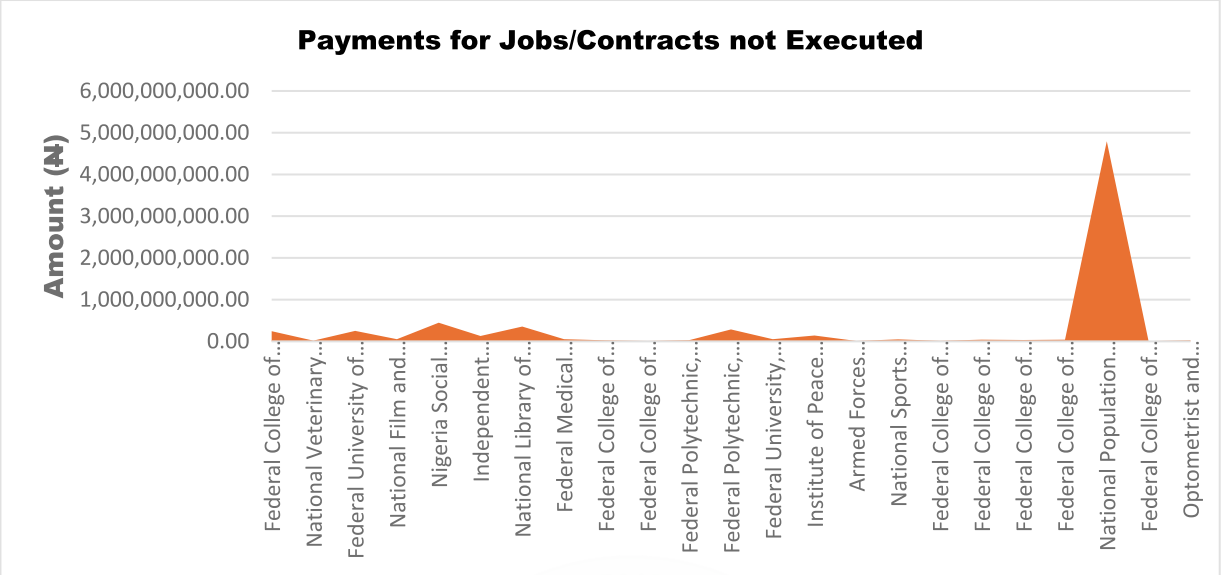
Description of Findings

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 ₦7,104,478,510.47 (Seven billion, one hundred and four million, four hundred and seventy eight thousand, five hundred and ten naira, forty seven kobo) was paid for jobs/contracts not executed by twenty three (23) Ministries, Departments and Agencies (MDAs), and

ii. The National Population Commission (NPC) had the highest amount of ₦4,795,465,531.23 (Four billion, seven hundred and ninety five million, four hundred and sixty five thousand, five hundred and thirty one naira, twenty three kobo) while the Federal College of Complementary and Alternative Medicine Abuja, had the least amount of ₦4,470,000.00 (Four million, four hundred and seventy thousand naira) as shown in the Figure below.



ISSUE 16: UNDER-DEDUCTION OF TAXES (=₦31,226,086.67)

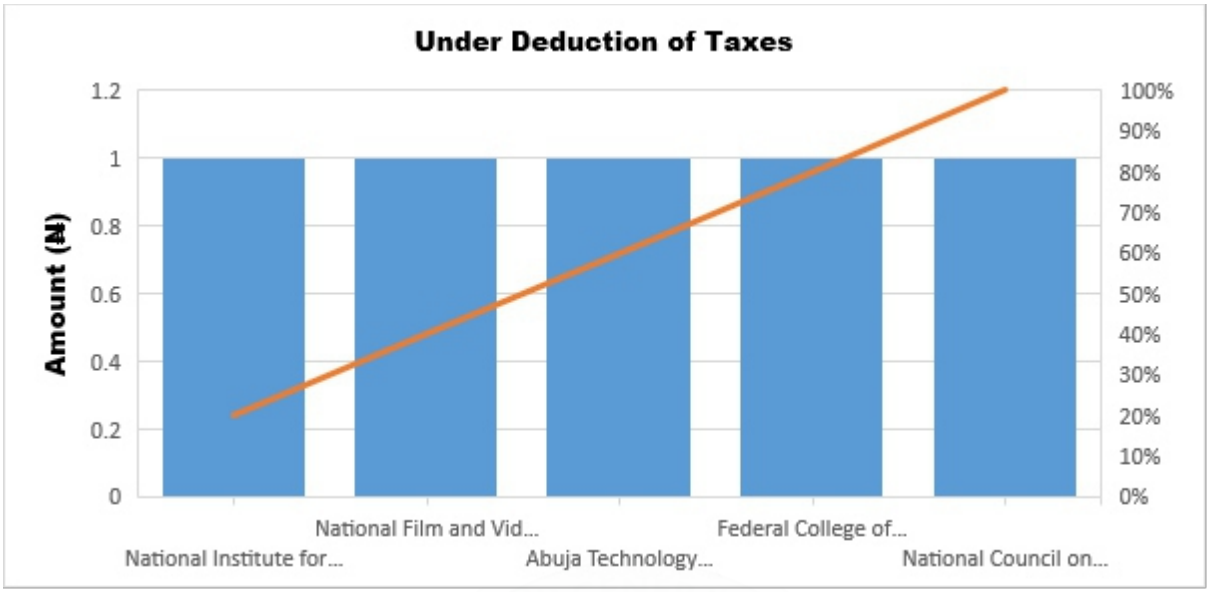
Description of Findings

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 ₦31,226,086.67 (Thirty one million, two hundred and twenty six thousand, eighty six naira, sixty seven kobo) was the amount of under deduction of taxes by five (5) Ministries, Departments and Agencies (MDAs), and

ii. The National Council on Climate Change (NCCC) Abuja, had the highest amount of ₦23,809,798.26 (Twenty three million, eight hundred and nine thousand, seven hundred and ninety eight naira, twenty six kobo) while the National Film and Video Censor's Board (NFVCB) Abuja, had the least amount of ₦1,042,112.57 (One million, forty two thousand, one hundred and twelve naira, fifty seven kobo) as shown in the Figure below.



ISSUE 17: NON-DEDUCTION OF TAXES (=₦244,711,734.21)

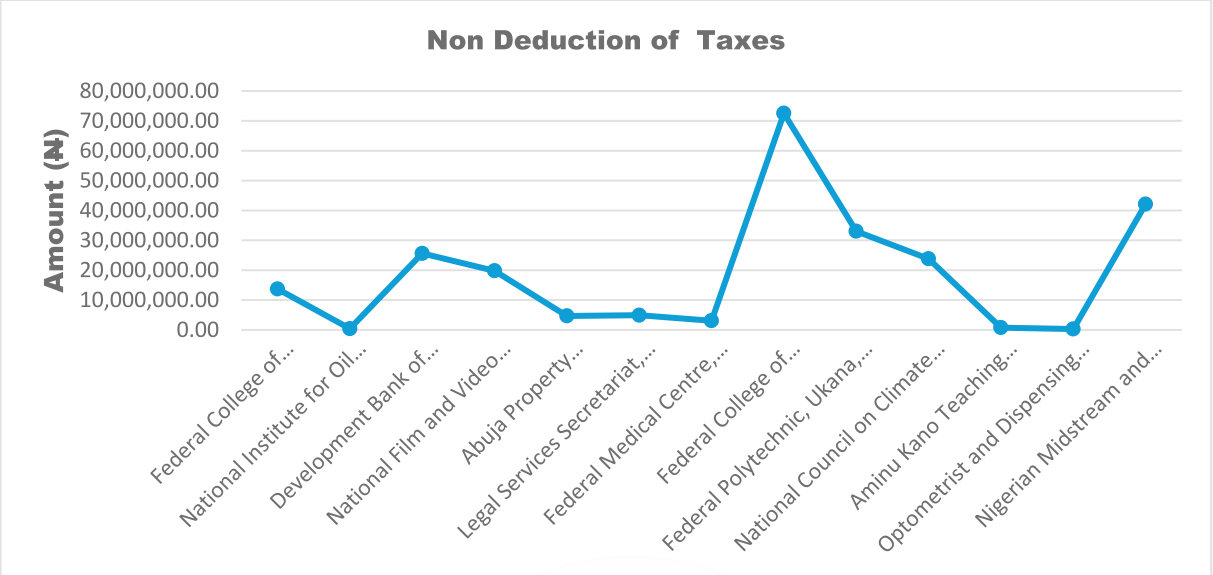
Description of Findings

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 ₦244,711,734.21 (Two hundred and forty four million, seven hundred and eleven thousand, seven hundred and thirty four naira, twenty one kobo) was the amount of taxes not deducted from payments to several beneficiaries by thirteen (13) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Midstream and Downstream Petroleum Regulatory Authority, had the highest amount of ₦42,116,038.37 (Forty two million, one hundred and sixteen thousand, thirty eight naira, thirty seven kobo) while the Optometrist and Dispensing Board, Abuja, had the least amount of ₦301,212.00 (Three hundred and one thousand, two hundred and twelve naira) as shown in the Figure below.



ISSUE 18: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦949,308,040.04)

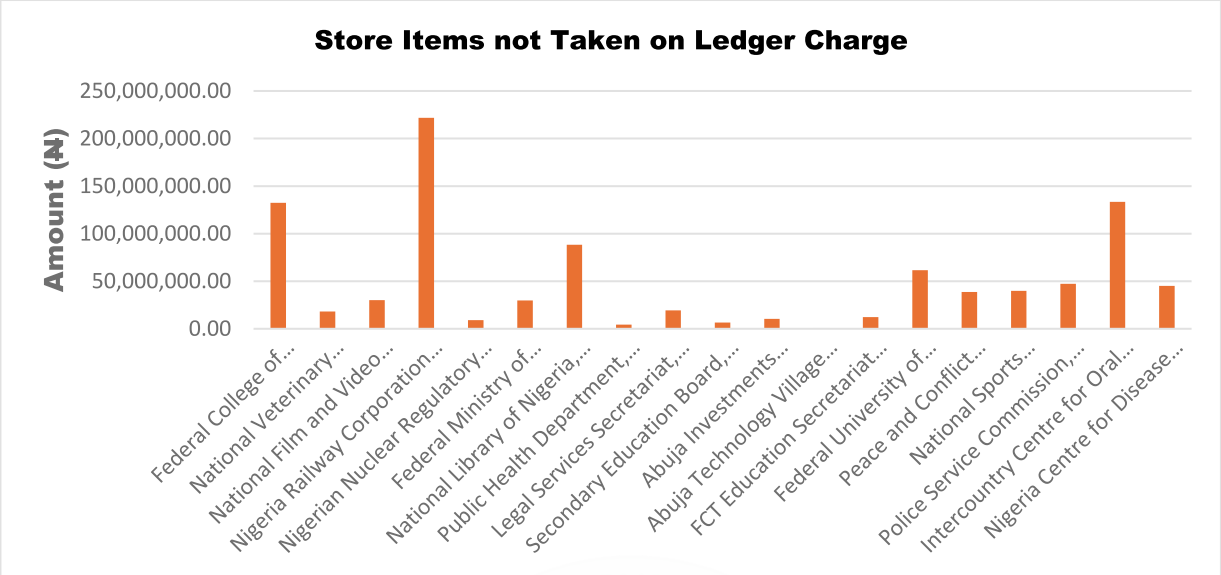
Description of Findings

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. The sum of ₦949,308,040.04 (Nine hundred and forty nine million, three hundred and eight thousand, forty naira, four kobo) was the amount of store items not taken on ledger charge by nineteen (19) Ministries, Departments and Agencies (MDAs), and

ii. The Nigeria Railway Corporation (NRC) Lagos, had the highest amount of ₦221,817,853.72 (Two hundred and twenty one million, eight hundred and seventeen thousand, eight hundred and fifty three naira, seventy two kobo) while the Abuja Investments Company Limited, Abuja, had the least amount of ₦10,424,110.82 (Ten million, four hundred and twenty four thousand, one hundred and ten naira, eighty two kobo) as shown in the Figure below.



ISSUE 19: EXTRA BUDGETARY EXPENDITURES (=₦5,732,996,082.08)

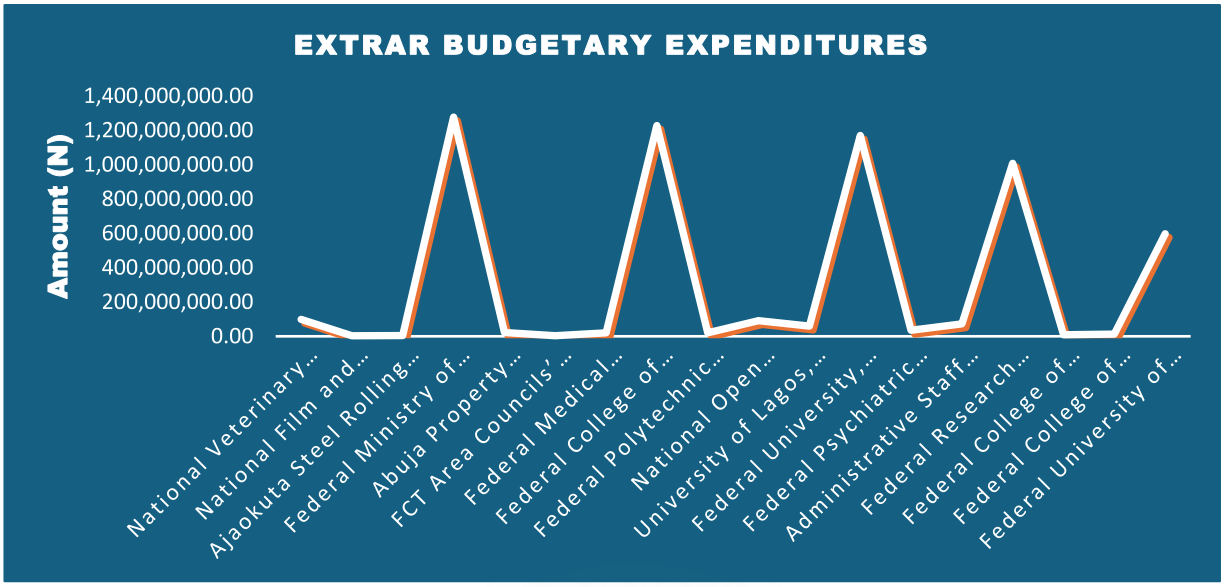
Description of Findings

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’’. Furthermore, paragraph 417 of the FR (2009) states, “Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed.” In addition, paragraph 2906 (ii) of the 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 ₦5,732,996,082.08 (Five billion, seven hundred and thirty two million, nine hundred and ninety six thousand, eighty two naira, eight kobo) was the amount of extra budgetary expenditures by eighteen (18) Ministries, Departments and Agencies (MDAs), and

ii. The Federal Ministry of Education, Abuja, had the highest amount of ₦1,277,048,272.62 (One billion, two hundred and seventy seven million, forty eight thousand, two hundred and seventy two naira, sixty two kobo) while the National Film and Video Censor’s Board (NFVCB) Abuja, had the least amount of ₦3,009,819.57 (Three million, nine thousand, eight hundred and nineteen naira, fifty seven kobo) as shown in the Figure below.



ISSUE 20: PAYMENT OF UNAPPROVED ALLOWANCES TO STAFF (=₦680,354,417.75)

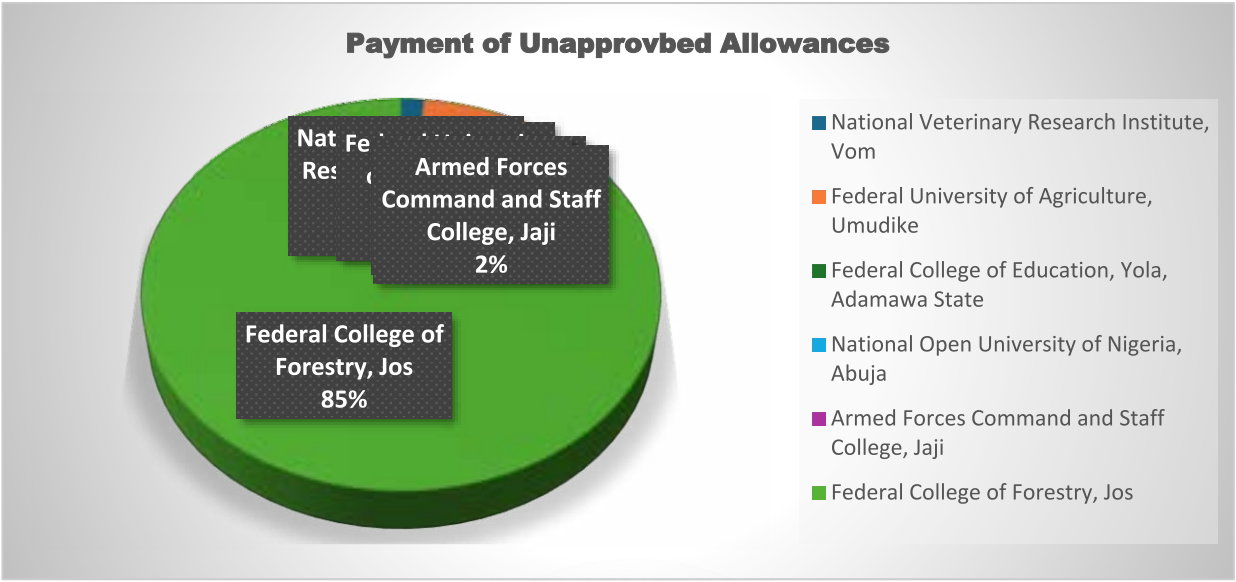
Description of Findings

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act, CAP N72, LFN (1999) (as amended) 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) (as amended) states, "Where collective agreements between employers and employees involve increase wages, salaries, and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 415 of the Financial Regulations (FR) (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦680,354,417.75 (Six hundred and eighty million, three hundred and fifty four thousand, four hundred and seventeen naira, seventy five kobo) was the unapproved allowances paid by six (6) Ministries, Departments and Agencies (MDAs), and

ii. The Federal College of Forestry, Jos, had the highest amount of ₦591,500,000.00 (Five hundred and ninety one million, five hundred thousand naira) while the Federal College of Education, Yola, Adamawa State, had the least amount of ₦5,139,500.00 (Five million, one hundred and thirty nine thousand, five hundred naira) as shown in the Figure below.



ISSUE 21: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE ATTORNEY GENERAL OF THE FEDERATION'S FIAT (=₦1,221,395,581.38)

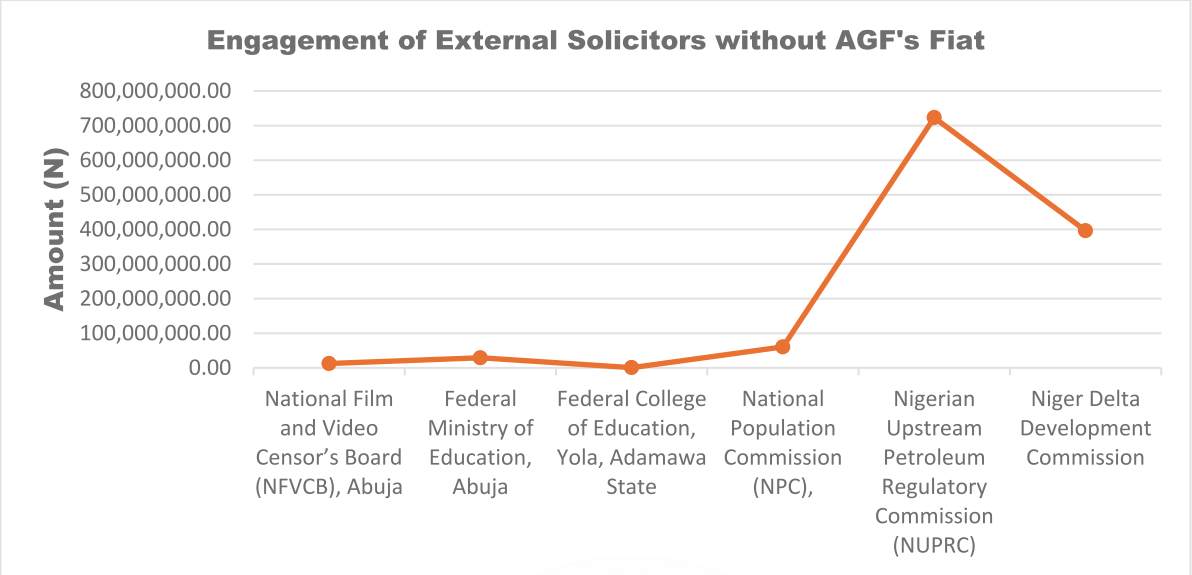
Description of Findings

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 ₦1,221,395,581.38 (One billion, two hundred and twenty one million, three hundred and ninety five thousand, five hundred and eighty one naira, thirty eight kobo) was the amount paid to external solicitors engaged without Attorney-General's Fiat by six (6) Ministries, Departments and Agencies (MDAs), and

ii. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) had the highest amount of ₦722,925,581.38 (Seven hundred and twenty two million, nine hundred and twenty five thousand, five hundred and eighty one naira, thirty eight kobo) while the Federal College of Education, Yola, Adamawa State, had the least amount of ₦475,000.00 (Four hundred and seventy five thousand naira) as shown in the Figure below.



ISSUE 22: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦7,915,904,272.54)

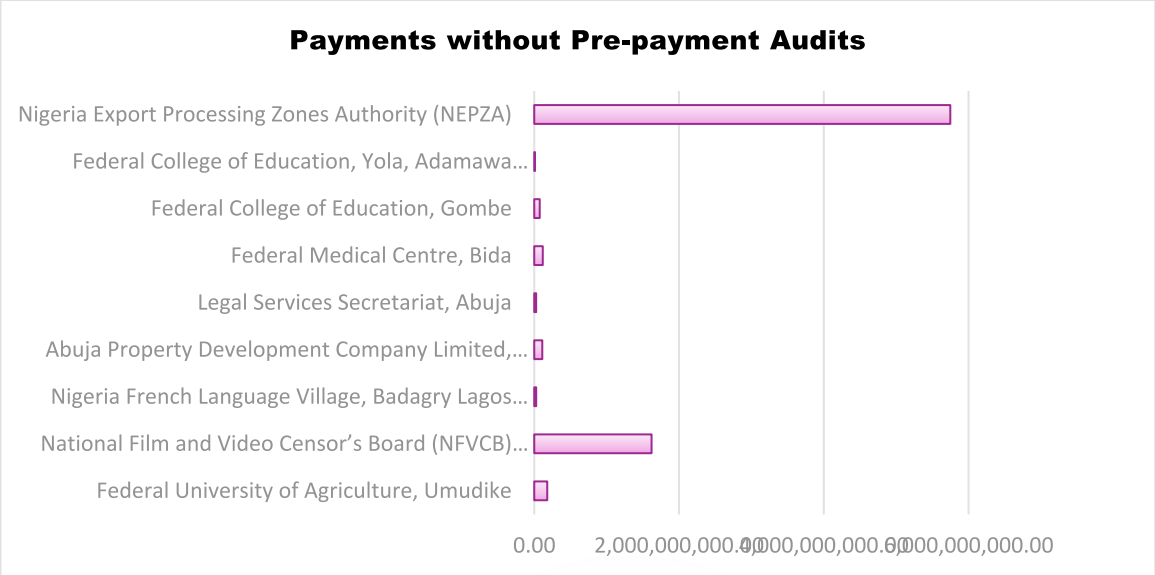
Description of Findings

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 ₦7,915,904,272.54 (Seven billion, nine hundred and fifteen million, nine hundred and four thousand, two hundred and seventy two naira, fifty four kobo) was the amount of payments without pre-payment audit by nine (9) Ministries, Departments and Agencies (MDAs), and

ii. The Nigeria Export Processing Zones Authority (NEPZA) had the highest amount of ₦5,747,803,846.00 (Five billion, seven hundred and forty seven million, eight hundred and three thousand, eight hundred and forty six naira) while the Federal College of Education, Yola, Adamawa State, had the least amount of ₦10,625,000.00 (Ten million, six hundred and twenty five thousand naira) as shown in the Figure below.



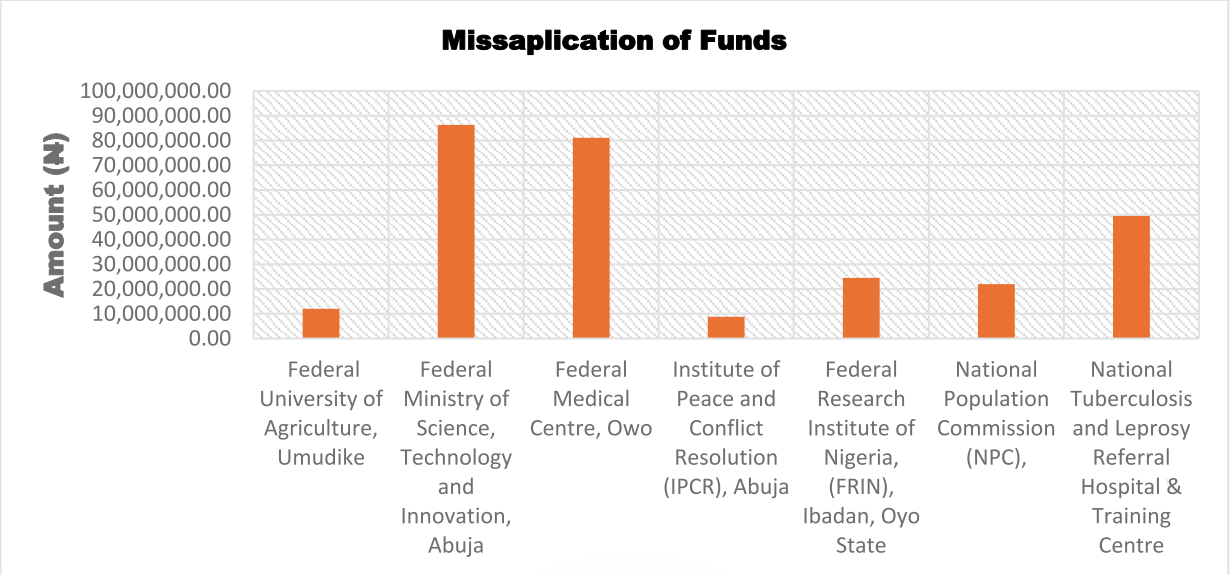
ISSUE 23: MISAPPLICATION OF FUNDS (=₦284,179,876.42)

Description of Findings

Paragraph 313 of the Financial Regulations (FR) (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 ₦284,179,876.42 (Two hundred and eighty four million, one hundred and seventy nine thousand, eight hundred and seventy six naira, forty two kobo) was the amount misapplied by seven (7) Ministries, Departments and Agencies (MDAs), and
ii. The Federal Ministry of Science, Technology and Innovation, Abuja, had the highest amount of ₦86,283,580.00 (Eighty six million, two hundred and eighty three thousand, five hundred and eighty naira) while the Institute of Peace and Conflict Resolution (IPCR) Abuja, had the least amount of ₦8,815,060.00 (Eight million, eight hundred and fifteen thousand, sixty naira) as shown in the Figure below.



ISSUE 24: **PAYMENT OF MOBILIZATION FEES WITHOUT ADVANCE PAYMENT GUARANTEE (=₦1,742,380,079.57)**

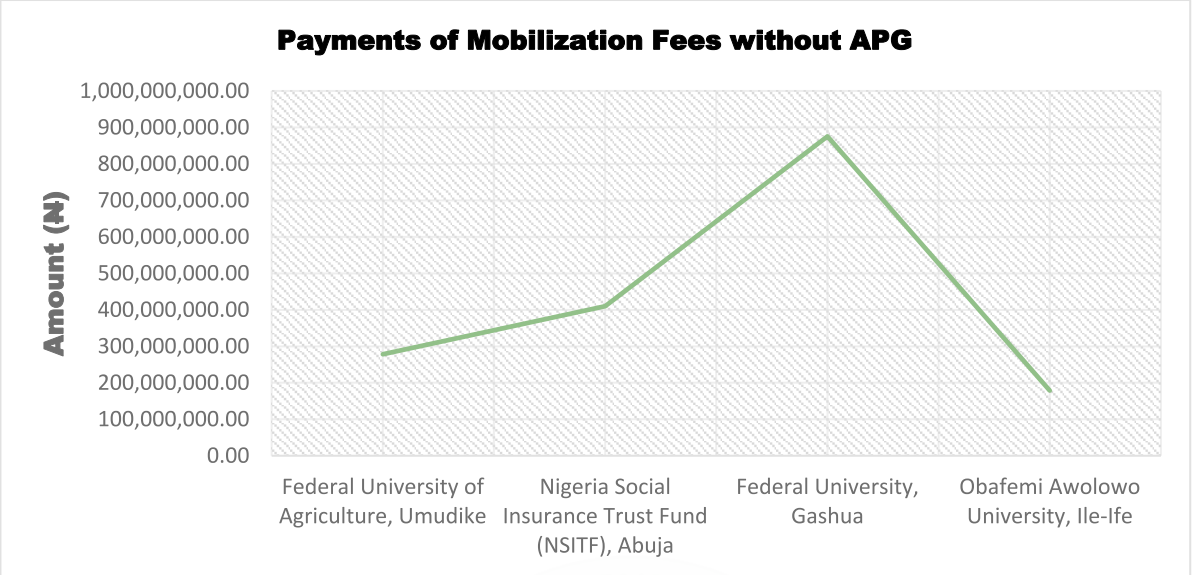
Description of Findings

Paragraph 2919 of the Financial Regulations (FR) (2009) states, "The following procedure shall be observed by ministries, extra-ministerial offices, and other arms of government in implementing their procurement plans, viz: (g) obtain and confirm validity of performance guarantee." Also, section 35(1)(a) of the Public Procurement Act (PPA) (2007) states, "section 71 (1) of the Finance Act (2020) states, "In addition to any other regulation as may be prescribed by the Bureau, a mobilisation fee of not more than 30% for local contractors only may be paid to a supplier or contractor supported by an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity until the mobilisation fee is fully amortised or recovered."

Audit observed that:

i. The sum of ₦1,742,380,079.57 (One billion, seven hundred and forty two million, three hundred and eighty thousand, seventy nine naira, fifty seven kobo) was the amount of advance payment to contractors without a conditional advance payment guarantee by four (4) Ministries, Departments and Agencies (MDAs), and

ii. The Federal University, Gashua, had the highest amount of ₦875,615,013.70 (Eighty hundred and seventy five million, six hundred and fifteen thousand, thirteen naira, seventy kobo) while the Obafemi Awolowo University, Ile-Ife , had the least amount of ₦178,721,828.80 (One hundred and seventy eight million, seven hundred and twenty one thousand, eight hundred twenty eight naira, eighty kobo) as shown in the Figure below.



ISSUE 25: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

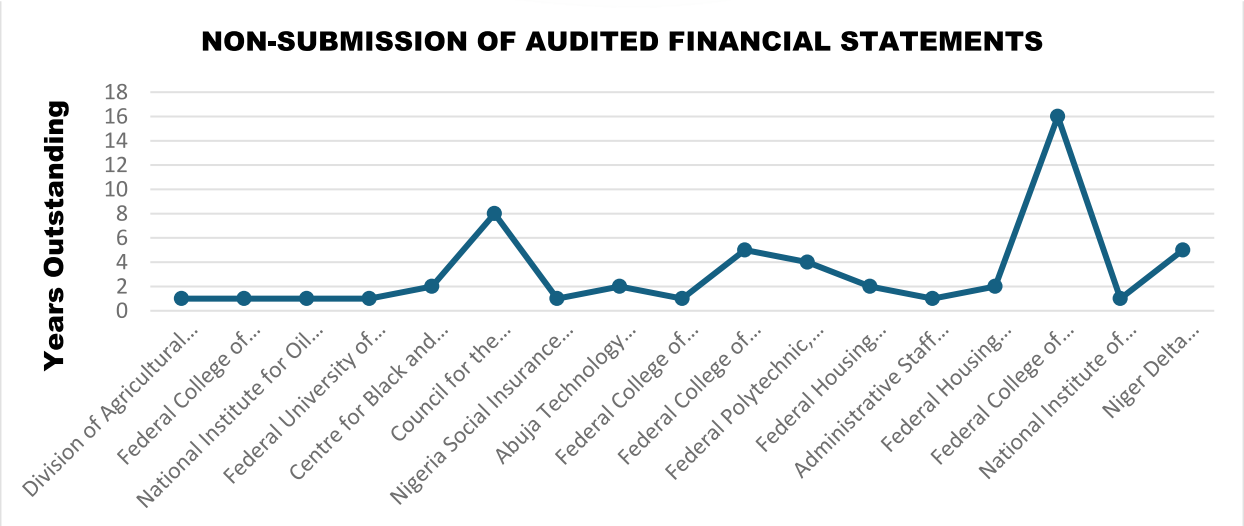
Description of Findings

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 above:

i. Seventeen (17) Ministries, Departments and Agencies (MDAs) visited failed to submit their audited financial statements to the Auditor-General for the Federation, and

ii. The Federal College of Complementary and Alternative Medicine, Abuja, had the highest number of outstanding years of non-submission at sixteen (16) while eight (8) MDAs had the least number of years of non-submission at one (1) as shown in the Figure below.



ISSUE 26: INTERFERENCE WITH THE FINANCES OF THE MDAs (=₦1,318,412,345.98)

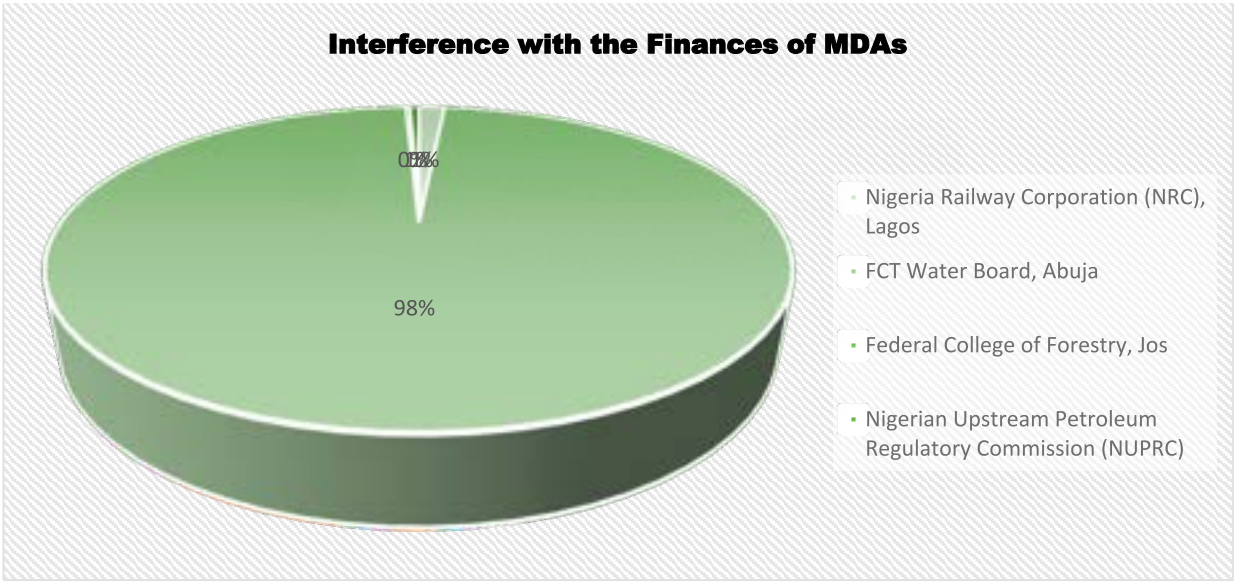
Description of Findings

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. The sum of ₦1,318,412,345.98 (One billion, three hundred and eighteen million, four hundred and twelve thousand, three hundred and forty five naira, ninety eight kobo) was the amount interfered with by the supervisory Ministries of four (4) Parastatals, and

ii. The FCT Water Board, Abuja, had the highest amount of ₦1,288,729,195.98 (One billion, two hundred and eighty eight million, seven hundred and twenty nine thousand, one hundred and ninety five naira, ninety eight kobo) while the Federal College of Forestry, Jos, had the least amount of ₦3,357,000.00 (Three million, three hundred and fifty seven thousand naira) as shown in the Figure below.



SECTION 1

AGRICULTURAL AUDIT DEPARTMENT (AAD)

COCOA RESEARCH INSTITUTE OF NIGERIA, IBADAN.

At the Cocoa Research Institute of Nigeria, Ibadan, Oyo State, for the period 1st January to December, 2023, the following observations were made:

ISSUE 1: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦10,893,000.00)

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. The Institute paid its staff the sum of ₦10,893,000.00 (Ten million, eight hundred and ninety three thousand naira), for various transactions during the period under review.
ii. These payments were made in violation of the e-payment policy of the Federal Government, and
iii. There was no evidence showing that the above payments got to the rightful beneficiaries.

The above anomalies could be attributed to weaknesses in the internal control system at the Cocoa Research Institute of Nigeria, Ibadan,

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.

Management's Response

These payments were made to enhance coordination and proper returns.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,893,000.00 (Ten million, eight hundred and ninety three thousand naira), being payments made in violation of the federal government's e-payment policy.
ii. Recover the sum of ₦10,893,000.00 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 payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 2: CASH ADVANCES GRANTED TO STAFF ABOVE THE APPROVED THRESHOLD (= ₦4,066,940.00)

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

Audit observed that:

i. The sum of ₦4,066,940.00 (Four million, sixty six thousand, nine hundred and forty naira) was granted as non-personal advances to four (4) staff of the Institute between April and September, 2023, for purchases and other services above the approved threshold, and
ii. Government lost revenue to the tune of ₦508,367.50 (Five hundred and eight thousand, three hundred and sixty seven naira, fifty kobo), accruable from VAT and WHT, had procurements been made through the award of contracts.

The above anomalies could be attributed to weaknesses in the internal control system at the Cocoa Research Institute of Nigeria, Ibadan.

Risks

i. Loss of revenue.
ii. Payment for non-existent transactions.

Management's Response

These payments were made to enhance coordination and proper returns to be rendered.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,066,940.00 (Four million, sixty six thousand, nine hundred and forty naira), being advances granted above the approved threshold of ₦200,000.00.
ii. Recover the sum of ₦4,066,940.00 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 payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

DIVISION OF AGRICULTURAL COLLEGES AHMADU BELLO UNIVERSITY, ZARIA, KADUNA STATE

At the Division of Agricultural Colleges, Ahmadu Bello University, Zaria, Kaduna State, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNSUBSTANTIATED INCREASES IN THE PAYMENT OF SALARIES AND ALLOWANCES (=₦74,217,782.61)

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. There was an increase in the payment of monthly salaries and allowances for six (6) months amounting to ₦74,217,782.61 (Seventy four million, two hundred and seventeen thousand, seven hundred and eighty two naira, sixty one kobo).
ii. The increments were made across some levels of staff in the college without authorized documents/circular from the National Salaries, Income and Wages Commission.
iii. The increases were between the months of February and December, 2023, as shown in the Table below:

S/N	Months	Amount (₦)
1	February	546,126.59
2	May	1,477,2]62.74
3	June	54,862,790.51
4	September	679,579.61
5	November	2,382,002.10
6	December	14,270,021.06
	Total	**74,217,782.61**

The above anomalies could be attributed to weaknesses in the internal control system at the Division of Agricultural Colleges, Zaria, Kaduna State.

Risks

i. Misappropriation of personnel funds.
ii. Loss of public funds

Management's Response

The Division had received a circular from the National Salaries, income and wages commission for the payment of occupational hazard and responsibility allowances which the division implemented in January and February 2023. It was later observed that some staff were not entitled to responsibility allowances were immediately stopped, the payments were reinstated in June 2023 with the arrears.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Directors should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦74,217,782.61 (Seventy four million, two hundred and seventeen thousand, seven hundred and eighty two naira, sixty one kobo) being unsubstantiated increase in salaries and allowances.
ii. Recover and remit to the Treasury, the sum of ₦74,217,782.61.
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 prescribed in paragraph 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: NON–SUBMISSION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2023

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." Also, Paragraph 4 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/7 dated 18th March, 2016, requires MDAs to prepare annual statutory financial reports in addition to the monthly trial balance to be submitted to Treasury. Similarly, paragraph 5.3 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/108 dated 1st December, 2016, requires each MDA to prepare IPSAS accrual basis annual statutory financial statements effective 1st January, 2016. The Circular requires all MDAs to prepare the following annual statutory financial statements:…"

In spite of the above:

i. The College failed to submit audited financial statements and management report for the financial year ended 31st December, 2023, as required by extant regulations, and
ii. No justifiable reason was provided for the failure in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Division of Agricultural Colleges Zaria, Kaduna State.

Risks

i. Poor decision-making by stakeholders.
ii. Reputational damage.
iii. Difficulty in assessing performance

Management's Response

The Division External Auditors are working on our 2023 financial records; clean copies of the financial statement will be submitted immediately they submit their final copy of the report.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director should be requested to:

i. Justify, to the Public Accounts Committees of the National Assembly, the non-submission of stand-alone financial statements for the year 2023.
ii. Produce the stand-alone Financial Statements for 2023 and the corresponding Management Letter/Report as required by extant regulations.
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 3: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦87,126,829.14)

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, 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. Twenty one (21) paid vouchers totalling ₦87,126,829.14 (Eighty seven million, one hundred and twenty six thousand, eight hundred and twenty nine naira, fourteen kobo) raised between January and December, 2023 were paid for various purposes, and
ii. The college failed to attach or present relevant supporting payment documents, thereby, violating the provisions of extant regulations under reference.

The above anomalies could be attributed to weaknesses in the internal control system at the Division of Agricultural Colleges Zaria, Kaduna State.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.

Management's Response

We have checked our documents and discovered that payments were made to various beneficiaries but not properly documented were attached before payments, except they are misplaced.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦87,126,829.14 (Eighty seven million, one hundred and twenty six thousand, eight hundred and twenty nine naira, fourteen kobo), being payment without attaching relevant supporting documents to the paid vouchers.
ii. Recover the sum of ₦87,126,829.14 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: CASH ADVANCES GRANTED ABOVE THRESHOLD (=₦30,441,733.04)

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 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 the same."

Audit observed that:

i. The sum of ₦30,441,733.04 (Thirty million, four hundred and forty one thousand, seven hundred and thirty three naira, four kobo) was granted as cash advances vide fifty three (53) paid vouchers.

ii. The cash advances in (i) above, were granted above the statutory limit of ₦200,000.00 as stipulated in the circular cited, and
iii. This led to a loss of revenue accruable to the government amounting to ₦3,805,216.63 (Three million, eight hundred and five thousand, two hundred and sixteen naira, sixty three kobo) from WHT & VAT, had contract(s) been awarded.

The above anomalies could be attributed to weaknesses in the internal control system at the Division of Agricultural Colleges Zaria, Kaduna State.

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

Management's Response
The division is in possession of a circular that increase the threshold of cash advance for goods and services to less than ₦1,000,000

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦30,441,733.04 (Thirty million, four hundred and forty one thousand, seven hundred and thirty three naira, four kobo), being a cash advance granted above the approved threshold.
ii. Recover the sum of ₦30,441,733.04 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 collect and account for government revenue specified in paragraphs 3106 and 3112 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦13,164,048.00)

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 four (24) payments amounting to ₦13,164,048.00 (Thirteen million, one hundred and sixty four thousand, and forty eight naira) were made in favour of some officers of the Institute for various transactions.
ii. These payments were made to some officers other than the ultimate beneficiaries named on the vouchers, violating the Federal Government's e-payment Circular, and
iii. There was no evidence to confirm that the ultimate beneficiaries received the payments from the Officers.

The above anomalies could be attributed to weaknesses in the internal control system at the Division of Agricultural Colleges Zaria, Kaduna State.

Risks

i. Misappropriation of public funds.
ii. Payment for non-existent transactions.
iii. Diversion of public funds.

Management's Response

Payments were paid to some staff of the Division for different beneficiaries.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,164,048.00 (Thirteen million, one hundred and sixty four thousand, and forty eight naira), being payment in violation of e-payment policy of the Government.
ii. Recover the sum of ₦13,164,048.00 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 payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: DOUBTFUL OVERHEAD EXPENDITURE (=₦28,587,770.00)

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. One hundred and fifty five (155) paid vouchers amounting to ₦28,587,770.00 (Twenty eight million, five hundred and eighty seven thousand, seven hundred and seventy naira) were raised and paid in favour of a staff of the College, from the overhead allocation for the year 2023.
ii. The sum paid to the staff represented 32% (Thirty two percent) of the College's total overhead fund allocation for the year 2023.
iii. The sum was meant for other beneficiaries but paid to the staff in violation of government's e-payment policy, and
iv. There was no evidence that the sum due to other beneficiaries were transferred to them by the staff.

The above anomalies could be attributed to weaknesses in the Internal control system at the Division of Agricultural colleges, Zaria Kaduna State

Risks

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

Management's Response

Payments were made to a staff for those staff that were not crated on GIFMSS and the staff always sent it to individual staff account with evidence of payment attached.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦28,587,770.00 (Twenty eight million, five hundred and eighty seven thousand, seven hundred and seventy naira), being payment in violation of the federal government's e-payment policy.
ii. Recover the sum of ₦28,587,770.00 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 payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

FEDERAL COLLEGE OF AGRICULTURAL PRODUCE TECHNOLOGY, KANO

At the Federal College of Agricultural Produce Technology, Kano, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNDER DECLARATION OF REVENUE IN THE COLLEGE'S AUDITED FINANCIAL STATEMENTS (=₦51,204,813.00)

Description of Findings

Paragraph 112(f) of 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;" Also, Treasury Circular Ref: No. TRY A10&B10/2016 OAGF/CAD/026/V.111/101 Dated 22nd November, 2016, states, "All Federal Government Agencies fully funded from the treasury are mandated to remit One Hundred percent (100%.) of their Internally Generated Revenue (IGR) to the Consolidated Revenue Fund (CRF)."

Audit observed that:

i. The sum of ₦65,162,402.00 (Sixty five million, one hundred and sixty two thousand, four hundred and two naira) was stated as the total Internally Generated Revenue (IGR) in the College's 2023 audited financial statement.

ii. The REMITA inflow statement of the College for the same period revealed that the sum of ₦116,367,215.00 (One hundred and sixteen million, three hundred and sixty seven thousand, two hundred and fifteen naira) was generated, as shown in the Table below, and

IGR DETAILS	₦	₦
APPLICATION FORM	5,494,815.00	
TENDER/BIDDING FEE	2,900,000.00	
REGISTRATION FEES	107,972,400.00	
TOTAL IGR		**116,367,215.00**
LESS:		
IGR DECLARED IN FINANCIAL STATEMENT		65,162,402.00
IGR NOT REPORTED		**51,204,813.00**

iii. The above resulted in under declaration of IGR to the tune of ₦51,204,813.00 (Fifty one million, two hundred and four thousand, eight hundred and thirteen naira).

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

Risks

i. Diversion of government revenue.
ii. Difficulty in funding the budget.
iii. Misleading Financial Statement information.

Management's Response

The internally generated revenue (IGR) reported in the college's 2023 financial statement was not under declared as reported. The Remita inflow statement of the college as at 31st December, 2023 showed total of ₦89,068,630.14 (Eighty nine million, sixty eight thousand, six hundred and thirty naira, fourteen kobo) was actually generated through three revenue heads as follows: Application of form, Tender/Bidding fees and Registration fees. The registration fees are made up several items such as Development fees, Acceptance Fees, Accommodation charges, student's insurance medical charges, library Maintenance charges, student handbook charges, sports levy, Examination charges, laboratory Maintenance charges, caution fees, Identity Card charges, workshop maintenance charges and ICT fees.

The summary of the generated IGR as followed:

	₦	₦
APPLICATION FORM	5,743,450.00	
TENDER/BIDDING FEES	1,950,000.00	
REGISTRATION FEES	81,375,180.14	
TOTAL COLLECTION		89,068,630.14
LESS: UNREMITTANCE ITEMS		
REFUND	19,402,733.00	
JAMB REGULARIZATION	3,600,000.00	
STUDENT UNION DUES	903,495.00	
TOTAL		23,906,228.00
IGR DECLARED IN FINANCIAL STATEMENT		65,162,402.14

Note that the un-remitted items above are not revenue collected and the principle of double entries were applied (credit and debit or in and out.)

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦51,204,813.00 (Fifty one million, two hundred and four thousand, eight hundred and thirteen naira), being under declaration of revenue in the college's audited financial statements.
ii. Recover the sum of ₦51,204,813.00 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 gross misconduct and failure to collect and account for government revenue specified in paragraphs 3129 and 3112 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: DIVERSION OF INTERNALLY GENERATED REVENUE (=₦13,201,880.63)

Description of Findings

Paragraph 1(i) of the Treasury Circular Ref. No. FMFBNP/OTHERS/IGR/CFR/12/2021 dated 20th December, 2021, states, "All Ministries, Departments and Agencies (MDAs) that are fully funded through the Annual Federal Government Budget (receiving Personnel, overhead and capital allocation) should remit 100% (One Hundred Percent) of their Internally Generated Revenue (IGR) to the Sub-Recurrent Account which is a sub component of the Consolidated Revenue Fund (CRF)." 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 transfer to the consolidated account." In addition, 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."

Audit Observed that:

i. The sum of ₦13,201,880.63 (Thirteen million, two hundred and one thousand, eight hundred and eighty naira, sixty three kobo), representing the Part-Time Academic Programme Registration and School fees was paid to the Consultant's account with a commercial bank account number 2029614059.
ii. This was a diversion of revenue that should have been paid to the TSA.
iii. The College could not provide any approval for the operation of the account as required by the extant regulation, and
iv. The Audited Financial Statement of the College was silent about the activities of the company and was not reported in the consolidated accounts of the College.

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

Risks

i. Loss of public funds.
ii. Difficulty in funding the 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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,201,880.63 (Thirteen million, two hundred and one thousand, eight hundred and eighty naira, sixty three kobo), being IGR paid into a commercial bank account instead of the College's TSA.
ii. Recover the sum of ₦13,201,880.63 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue as specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 3: IRREGULAR PAYMENT OF MOBILIZATION FEE (=₦1,408,738,499.96)

Description of Findings

Section 71(i) of the Finance Act (2020) states, "In addition to any other regulation as may be prescribed by the Bureau, a mobilization fee of not more than 30% for local contractors only may be paid to a supplier or contractor supported by an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity until the mobilization fee is fully amortized or recovered." Also, Section 19 of the Public Procurement Act (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:…(g) obtain and confirm the validity of any performance guarantee;…" Furthermore, section 36(1) of the Public Procurement Act (PPA) (2007) states "The provision of a performance guarantee or an unconditional insurance bond shall be a precondition for the award of any procurement contract upon which any mobilisation fee is to be paid, provided the performance guarantee or unconditional insurance bond is not less than 10% of the contract value."

Audit observed that**:**

i. The College awarded thirty three (33) contracts requiring the payments of mobilization fee at a total contract sum of ₦1,408,738,499.96 (One billion, four hundred and eight million, seven hundred and thirty eight thousand, four hundred and ninety nine naira, ninety six kobo) in the year 2023, and
ii. The contracts were awarded, and the mobilization fees were paid without any of the contractors providing a performance guarantee or an unconditional insurance bond covering at least 10% of the contract's value as required by extant regulations.

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

Risks

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

Management's Response
All the Mobilization paid are dully confirmed by the procuring Entity before payment. See Appendix II for evidence.

Auditor's Evaluation
The management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,408,738,499.96 (One billion, four hundred and eight million, seven hundred and thirty eight thousand, four hundred and ninety nine naira, ninety six kobo), being irregular payment of mobilization fees to contractors without Advance Payment Guarantee (APG).
ii. Recover the sum of ₦1,408,738,499.96 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 gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4 PROCUREMENT OF ICT FACILITIES WITHOUT CLEARANCE BY NITDA (=₦7,294,000.00)

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 College awarded the contract for the purchase of office equipment (laptop computers) to a firm at a sum of ₦7,294,000.00 (Seven million, two hundred and ninety four thousand naira) vide contract award letter with Ref. No. PFCAPT/C1.2/Vol.1/54, dated 5th December, 2023, and
ii. Evidence of prior approval from NITDA for the implementation of the project was not provided for audit, thereby, violating the extant regulations.

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

Risks
i. Award of contract to incompetent contractors.
ii. Loss of public funds.

Management's Response

The procuring Entity followed due process of relevant rules at its disposal to procure the IT equipment (Laptop core i3 10th gen, 8GB RAM, 500B SSD, 14 inch display) and based on the need of the end user and specification of the equipment, the IT equipment that falls within the approval limit of the Chief Executive Officer CEO

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,294,000 (Seven million, two hundred and ninety four thousand naira), being payment for ICT related contract without NITDA approval.
ii. Recover the sum of ₦7,294,000 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 specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: VIOLATION OF CONTRACT APPROVAL THRESHOLD BY THE PROVOST (=₦156,108,824.48)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) 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…" Also, paragraph 1 of the Establishment Circular Ref. No. PROC/OSGF/BPP/709/85 of 19th January, 2022 states, "…the Federal Government has approved the revision of subsisting Prior Review and Monetary Thresholds for Service Wide Application for procurement of Goods, Works and Services as follows..:" Additionally, section 16(2) of the 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."

Audit observed that:

i. The Provost gave approval for the award of eight (8) contracts totalling ₦156,108,824.48 (One hundred and fifty six million, one hundred and eight

thousand, eight hundred and twenty four naira, forty eight kobo) without recourse to the College's Tenders' Board, and

ii. The contracts approved by the Provost were all above the Provost's approval threshold as set by extant regulations.

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

Risks

i. Abuse of office.
ii. Payment for contract not executed.

Management's Response

The contract award as categorized into Goods, Works and Services has the approval Threshold/Limit of the approving authorities ranging from Chief Accounting Officer's, Parastatal and Ministerial Tender Board and Federal Executive Council as the case may be. This threshold was revised on the SGF Circular referenced PROC/OSGF/BPP/709/85 dated 19th January, 2022. **See Appendix V**. The Procuring Entity considers the three Categories of Procurement at its need assessment the approval threshold of the Chief Executive Officer (CEO) and follows due process in awarding such Contract. Evidence to this is attached in Appendix V for your consideration.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦156,108,824.48 (One hundred and fifty six million, one hundred and eight thousand, eight hundred and twenty four naira, forty eight kobo), being payments for contract awarded above the approval threshold.
ii. Recover the sum of ₦156,108,824.48 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 split of contracts and irregular or wrong payment in paragraphs 3116 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: IRREGULARITIES IN THE PROCUREMENT PROCESS (=₦479,221,998.36)

Description of Findings

Section 16 (8)(g) of the Public Procurement Act (PPA) (2007) states, "Whenever it is established by a procuring entity or the Bureau that any or a combination of the situations set out exist, a bidder may have its bid or tender excluded from any particular

procurement proceeding if : (g) the bidder fails to submit a statement regarding its dominating or subsidiary relationships with respect to other parties to the proceedings and persons acting on behalf of the procuring entity participating in same proceeding or whom remains in subordinate relationship with other participants to the proceedings". Furthermore, Section 58 (10) of the PPA (2007) states, "Bid-rigging pursuant to subsection 4(e) means an agreement between persons whereby: (a) offers submitted have been prearranged between them; or (b) their conduct has had the effect of directly or indirectly restricting free and open competition, distorting the competitiveness of the procurement process and leading to an escalation or increase in costs or loss of value to the national treasury."

Audit observed that:

i. The College adopted the open competitive method of procurement in its 2023 procurement activities and in so doing, placed an advert in two (2) national dailies for interested contractors to submit bids for various lots totaling ₦479,221,998.36 (Four hundred and seventy nine million, two hundred and twenty one thousand, nine hundred and ninety eight naira, thirty six kobo).
ii. In response to the adverts, some contractors submitted prearranged bids for the same lot using different companies in which they have dominating or subsidiary relationship without submitting a statement regarding their relationship in the various companies to the College thereby restricting free and open competition and distorting the competitiveness of the procurement process, and
iii. The College was expected to exercise a duty to exclude these contractors for bid rigging and attempting to manipulate the procurement process. However, the College failed in applying the law and instead went ahead to award the contracts to the same contractors who submitted prearranged bids thereby allowing them to benefit from bid rigging and manipulation of the procurement process.

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

Risks

i. Award of contract to related party.
ii. Diversion of public fund.

Management's Response

No element of such in our Procurement process because it is stated in the advertisement that no one company can bid for more than two lot as vetted by BPP. This means no company if its eligible can bid for two Lots.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦479,221,998.36 (Four hundred and seventy nine million, two hundred and twenty one thousand, nine hundred and ninety eight naira, thirty six kobo) being payments made in violation of the Public Procurement Act (PPA) (2007).
ii. Recover the sum of ₦479,221,998.36 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 award of contract and irregular or wrong payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: IRREGULARITIES IN THE PAYMENTS FOR CONSTITUENCY AND ZONAL INTERVENTION PROJECTS (=₦2,136,799,590.20)

Description of Findings

Paragraph 3(iii) of Establishment circular Ref. No: PRS080/ADM/GEN/I dated 20th September, 2023, states, "In addition, it is also important to re-emphasize the role of the Federal Ministry for Special Duties and Intergovernmental Affairs (FMSDIGA) which is mandated to monitor and ensure the effective implementation of the Zonal Intervention/Constituency Programmes and Projects with the following project implementation guidelines: the Implementing MDAs shall invite the FMSDIGA to verify all Zonal Intervention/Constituency Projects (ZIP/CIP) as contained in both ZIP Appropriation and Capital Appropriation. Also, no payment shall be made to any contractor for ZIP/CIP BY MADs without verification of the execution of such projects/programmes and certification by the Ministry." Furthermore, Paragraph 1(i & ii) of Establishment circular with Ref. No. SGF/OP/I/S.3/T/23 dated 19th August, 2013 states "(i) MDAs shall award the contracts of the various Constituency Projects under their purview, monitor/oversee the implementation of the projects and raise payment certificates, which are then forwarded to the Federal Ministry of Special Duties/Inter-governmental Affairs; Also, the Ministry shall verify and ascertain the level of work done and authorize payments on such projects."

Audit observed that:

i. The College awarded and executed forty four (44) Constituency and Zonal Intervention projects amounting to ₦2,136,799,590.20 (Two billion, one hundred and thirty six million, seven hundred and ninety nine naira, five hundred and ninety naira, twenty kobo) during the period .
ii. These contracts were certified fully completed by the College and full payments were made to the contractors, and
iii. The College could not provide a valid certification /authorization from the Federal Ministry of Special Duties before the payments were made in respect of all the Zonal Intervention and Constituency projects despite several requests.

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

Risks

i. Payment for poorly executed projects.
ii. Diversion of public funds.

Management's Response

All the payments of Zonal and Constituency Projects were done with the approval of the Secretary to the Government of the Federation (SGF) under the Ministry of Special Duty and Intergovernmental Affairs Approval. See Appendix VI

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations:

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,136,799,590.20 (Two billion, one hundred and thirty six million, seven hundred and ninety nine thousand, five hundred and ninety naira, twenty kobo), being payments for contracts that were paid without the certification of Federal Ministry of Special Duties/Inter-governmental Affairs.
ii. Recover the sum of ₦2,136,799,590.20 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 8: UNJUSTIFIED PAYMENTS OF CONTINGENCIES (=₦16,721,669.00)

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 works, 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. Twenty (20) contracts with provision for contingency amounting to ₦16,721,669.00 (Sixteen million, seven hundred and twenty one thousand, six hundred and sixty nine naira) in their respective Bill of Quantities (BOQ) were awarded and paid fully.

ii. The contingency was paid as part of the various certificates, few days after the award of the contracts without due process.
iii. The payments were made without any report requiring the application of the contingency and without the approval of appropriate authority, and
iv. The College could not provide any documented request and approval from the Accounting Officer for the utilization of the funds provided as contingency in the various projects.

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

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

Management's Response
All the contract sums were fully paid to the contractors bearing it preliminaries or contingency based on Consultant's certification. See attached evidences for utilization of preliminaries and contingencies in Appendix VII

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,721,669.00 (Sixteen million, seven hundred and twenty one thousand, six hundred and sixty nine naira), being payment as contingency without proper request and authorization.
ii. Recover the sum of ₦16,721,669.00 and remit to 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 specified in paragraphs 3104(iii) and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 9: NON-RETIREMENT OF REIMBURSABLE EXPENDITURES IN EMPOWERMENT CONTRACTS (=₦145,457,200.00)

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, number, quantities, distances and rates so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as Local Purchase Orders, invoices, special letters of authority, time sheets etc."

Audit observed that:

i. A total of ₦145,457,200.00 (One hundred and forty five million, four hundred and fifty seven thousand, two hundred naira) was paid as reimbursable in respect of seven (7) empowerment contracts, and

ii. The College could not provide retirement documents such as receipts for hiring of halls, invoices, bank transfer tellers in respect of payments of honorarium to traditional rulers, resource persons and security personnel, time sheets and other evidence showing the expenditures were actually incurred as provided in the Bill of Quantities of the various contracts despite several requests to the college at the time of audit.

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

Risks

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

Management's Response

Reimbursable expenditure were paid along the contract sum. Likewise, the contingencies which are paid based on consultant's recommendation. Evidences to this were attached in **Appendix VIII**

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦145,457,200.00 (One hundred and forty five million, four hundred and fifty seven thousand, two hundred naira), being unretired reimbursable.
ii. Recover the sum of ₦145,457,200.00 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 poor cash management as specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) should apply.

ISSUE 10: PAYMENTS FOR PRELIMINARIES AND PROJECT ADMINISTRATION IN RESPECT OF VARIOUS CONTRACTS WITHOUT EVIDENCE OF WORK DONE (=₦57,484,567.63)

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 401 of the FR (2009) states, "All disbursements of public funds shall be made by the Accountant

General on the authority of the appropriate Warrant issued to him and also by Accounting Officers entrusted with the expenditure of public funds falling within the votes of charge of their ministries or extra-ministerial offices and other arms of government."

Audit observed that:

i. The sum of ₦57,484,567.63 (Fifty seven million, four hundred and eighty four thousand, five hundred and sixty seven naira, sixty three kobo) was paid to thirty seven (37) contractors as preliminaries and project administration fee as provided in the respective Bill of Quantities (BOQ) of the contracts, and
ii. The College could not provide any evidence of request for its utilization, details of what the sums were used for, and the approval by the Accounting Officer.

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

Risks

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

Management's Response

All preliminaries were paid to the contractors alongside with their Contract payments. Evidences to the retirement of such is attached in Appendix IX.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦57,484,567.63 (Fifty seven million, four hundred and eighty four thousand, five hundred and sixty seven naira, sixty three kobo), being payment of preliminaries without evidence of work done.
ii. Recover the sum of ₦57,484,567.63 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 or wrong payment and poor cash management as specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) should apply.

ISSUE 11: PAYMENTS FOR PROJECTS WITHOUT EVIDENCE OF WORK DONE (=₦186,158,523.00)

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 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 terms of the contract agreement, that as regards supplies, the articles have been received and in the case of works, 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."

Audit observed that:

i. A total of ₦186,158,523.00 (One hundred and eighty six million, one hundred and fifty eight thousand, five hundred and twenty three naira) was paid to some contractors for works and services rendered to the College during the year under review, and
ii. The visuals of progress of work at all stages of the contracts were not provided for all the projects. Meanwhile, those provided were blurry. Audit could not ascertain if the projects were truly completed.

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

Risks

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

Management's Response

All the works paid by the College have been executed ascertained and supervised. The evidence of execution has to verified before payment is made. The proofs are in the executed project report; See Appendix X the project report for Redbird Consultancy Services, Adedio Concept Ltd, Springfield Associates LTD, Akmazo Nigeria Limited.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦186,158,523.00 (One hundred and eighty six million, one hundred and fifty eight thousand, five hundred and twenty three naira), being payment for contracts awarded without evidence of completion.
ii. Recover the sum of ₦186,158,523.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committee 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 12: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦5,075,000.00)

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. Payments were made through seven (7) paid vouchers between 16th March and 13th October, 2023 for various expenses amounting to ₦5,075,000.00 (Five million, seventy five thousand naira) in violation of the government's e-payment policy, and
ii. There was no evidence to show that the above payments got to the rightful beneficiaries.

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

Risks

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

Management's Response

The college has written to Accountant general for inclusion of staff and non-regular officers to be included in the GIFMIS platform to enable the college pay direct to staff but it unfortunate that they have not been created. Secondly, those paid through the cashier are non-regular officer (legionnaire) who has no bank account and some of them in the village were no bank exiting. Thirdly, evidence of receipt by beneficiaries are attached in Appendix xxii.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,075,000.00 (Five million, seventy five thousand naira), being payment made in violation of e-payment policy of the Federal Government.
ii. Recover the sum of ₦5,075,000.00 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 e-payment violations specified in paragraphs 3127 and 3128 of the Financial Regulations (2009) respectively, should apply.

ISSUE 13: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦132,384,000.50)

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 Store keeper 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 LPO."

Audit observed that:
i. The College paid a total of ₦132,384,000.50 (One hundred and thirty two million, three hundred and eighty four thousand and fifty kobo) to some contractors and staff of the College for the purchase of various store items, and
ii. There was no evidence that the items paid for, were delivered to the College and taken on charge in the store ledger as the Store Receipt Vouchers (SRV's) were not provided for audit examination.

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

Risks
i. Diversion of public funds.
ii. Diversion of store items.

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 ₦132,384,000.50 (One hundred and thirty two million, three hundred and eighty

four thousand and fifty kobo), being payment for store items not taken on ledger charge.

ii. Recover the sum of ₦132,384,000.50 and remit to the Treasury.

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

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

ISSUE 14: PAYMENTS WITHOUT SUPPORTING DOCUMENTS (₦4,701,530.00)

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

Audit Observed that:

i. The College approved and made thirteen (13) payments amounting to ₦4,701,530.00 (Four million, seven hundred and one thousand, five hundred and thirty naira) for various expenditure in the year 2023, and

ii. There were no receipts, invoices, and other relevant documents attached to authenticate the payments.

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

Risks

i. Diversion of public funds.

ii. Misapplication of public funds.

Management's Response

1. Some of the payment vouchers here were actually for staff who has applied to perform their official duties but it is possible the payment vouchers may not have been retired at the time of the audit, which by now they have been fully retired.
2. Most of the payment vouchers highlighted under this observation are recharge/internet access allowance to HOD, management and users of the GIFMIS platform and evident of individually signed for the received of the allowance are attached. See appendix xxiv.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,701,530.00 (Four million, seven hundred and one thousand, five hundred and thirty naira), being payments made without supporting documents.
ii. Recover the sum of ₦4,701,530.00 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 payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 15: IRREGULAR PAYMENT OF "SETTLEMENT" (=₦10,000,000.00)

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."

Audit observed that:

i. The sum of ₦10,000,000.00 (Ten million naira) was paid from the College's REMITA payment platform to a third party on 13th June, 2023, through a commercial bank account, and
ii. The purpose of the payment was stated as "settlement". All relevant documents relating to this payment such as the paid voucher, the approved memo to pay, receipt, invoice, etc were not provided for audit inspection despite several requests until the conclusion of the assignment. Consequently, the above payment cannot be accepted as proper and legitimate charge against public fund.

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

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 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 payment to third party as 'settlement' without justification.
ii. Recover the sum of ₦10,000,000.00 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 payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 16: NON-DEDUCTION OF VALUE ADDED TAX (=₦13,707,247.35)

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 and services contract and actual remittance of same."

Audit observed that:

i. The College awarded some contracts for supplies and training/empowerment programmes at a sum of ₦182,763,298.00 (One hundred and eighty two million, seven hundred and sixty three thousand, two hundred and ninety eight naira).
ii. All the contracts were certified fully completed and payments were made to the contractors, and
iii. The College did not deduct and remit to the Federal Inland Revenue Service (FIRS), the sum of ₦13,707,247.35 (Thirteen million, seven hundred and seven thousand, two hundred and forty seven naira, thirty five kobo), representing the 7.5% Value Added Tax (VAT) on the contracts, in violation of Paragraph 234(i) of the of FR 234.

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

Risks

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

Management's Response

Most of the payment vouchers capture for non-deducted and remittance of VAT are payment for items that not vatable per regulation, such as Agricultural equipment to farmers, farm equipment/ implement. The college is aware of the importance of VAT deduction and will do accordingly with law. If the Auditor think otherwise the management will henceforth deduct VAT from such non-vatable items.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,707,247.35 (Thirteen million, seven hundred and seven thousand, two hundred and forty seven naira, thirty five kobo), being 7.5% VAT not deducted and remitted to FIRS.
ii. Recover the sum of ₦13,707,247.35 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 17: PAYMENT FOR FOREIGN TOUR WITHOUT APPROVAL (=₦5,669,500.00)

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…". Also, paragraph 140109 of Public Service Rules (PSR) (2021) states, "…(b) Overseas Duty Tour by all public servants and estacode allowance shall be subjected to the approval of the Head of the Civil Service of the Federation, on the recommendation of the Permanent Secretary/ Head of Extra-Ministerial office. (c) In the case of other Public Officers, approval shall be obtained from the Secretary to the Government of the Federation."

Audit observed that:

i. The College paid the sum of ₦5,669,500.00 (Five million, six hundred and sixty nine thousand, five hundred naira) to the Provost as estacode, flight tickets, registration fee etc to attend 8th African Agribusiness Science week in Durban, South Africa.
ii. There was no approval granted by the Office of the Head of Civil Service of the Federation before the payment of the estacode, flight ticket and registration fee to attend the event.
iii. The evidence of compliance with the above was not presented despite several requests, and
iv. The payment approval memo showing the breakdown of the number of days and the exchange rate used to calculate the estacode and flight ticket was also not provided for audit examination.

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

Risks

i. Misappropriation of public funds.
ii. Loss of public funds.

Management's Response

The tour by the college provost was strictly official in his capacity as the chief executive officer of the college. Furthermore, necessary invitation and approval was done by the Federal ministry of agriculture and the Agricultural Research Council of Nigeria (ARCN), before payment was made. See Appendix XXXI.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,669,500.00 (Five million, six hundred and sixty nine thousand, five hundred naira), being payment for foreign tour without approval from the Office of the Head of the Civil Service of the Federation.
ii. Recover the sum of ₦5,669,500.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

FEDERAL COLLEGE OF AGRICULTURE, AKURE

At the Federal College of Agriculture, Akure, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PROCUREMENT OF ICT FACILITIES WITHOUT CLEARANCE BY NITDA (=₦1,400,000.00)

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 College awarded contracts amounting to ₦1,400,000.00 (One million, four hundred thousand naira) in the year 2023 under review to carry out ICT related activities, and
ii. No clearance was obtained from the NITDA as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agriculture, Akure.

Risks

i. Award of contracts to incompetent contractors.
ii. Loss of public funds.

Management's Response

The contract for the supply of Information and Communication Technology facilities was meant for procurement of computers and IT components. The College always aspires for competence and qualitative delivery when awarding contracts and in the process looks out qualified contractors. This work was not seen as a big time IT project as it merely involved procurement of Computers and printers. Even at that, the College still obtained BPP "No Objection" before the award was made. The procurement was duly executed and the 2 units DELL computer and 2 units HP printers were sited by the team when they were around.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,400,000.00 (One million, four hundred thousand naira), being award and payment for ICT contracts without obtaining clearance from NITDA.
ii. Recover the sum of ₦1,400,000.00 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 and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: NON-SUBMISSION OF 2023 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." Also, section 85 (3b) of The Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "(i) the Auditor–General for the Federation is expected to comment on the accounts and audit reports of all government statutory

Corporations, Commissions, Authorities, Agencies, etc. to Public Accounts Committee of the National Assembly."

In spite of the above:
i. The College failed to submit the audited financial statements for 2023 financial year to the Auditor-General for the Federation, and
ii. No justifiable reason was given for the non-submission.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Agriculture, Akure.

Risks
i. Poor decision-making by stakeholders.
ii. Reputational damage.
iii. Difficulty in assessing performance.

Management's Response
This issue is not as a flagrant violation of Extant regulations as it may seem, the Audit firm could not make the report available due to a challenge with their tax receipts. We have avail them the tax deduction schedule to enable them resolve this with the relevant tax authority. As gathered, the issue is being resolved and our report will be released as the College has been monitoring the development.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Provost should be requested to:
i. Present to the Public Accounts Committees of the National Assembly, the Audited Financial Statements for 2023 and the corresponding Management Letters as required by extant regulations, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

FEDERAL COLLEGE OF LAND RESOURCES TECHNOLOGY, OWERRI, IMO STATE

At the Federal College of Land Resources Technology, Owerri, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PROCUREMENT AND INSTALLATION OF ICT FACILITIES WITHOUT APPROVAL BY NITDA (=₦17,820,735.13)

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 College engaged a contractor for the procurement and installation of ICT facilities amounting to ₦17,820,735.13 (Seventeen million, eight hundred and twenty thousand, seven hundred and thirty five naira, thirteen kobo) for the College Cisco, CBT Centres and other ICT related services without due approval from NITDA, and
ii. There was no evidence of waiver provided to show justification for the procurement without obtaining the necessary approvals.

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

Risks

i. Award of contract to incompetent contractors
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 Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦17,820,735.13 (Seventeen million, eight hundred and twenty thousand, seven hundred and thirty five naira, thirteen kobo), being payment for the procurement of ICT facilities without obtaining requisite approvals.
ii. Recover the sum of ₦17,820,735.13 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 specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦1,465,000.00)

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. The College made four (4) payments amounting to ₦1,465,000.00 (One million, four hundred and sixty five thousand naira), and
ii. The paid vouchers were not supported with relevant documents.

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

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 to the Public Accounts Committees of the National Assembly, the sum of ₦1,465,000.00 (One million, four hundred and sixty five thousand naira), being payments made without supporting documents.
ii. Recover the sum of ₦1,465,000.00 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 payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

INSTITUTE OF AGRICULTURAL RESEARCH AND TRAINING, IBADAN, OYO STATE.

At the Institute of Agricultural Research and Training, Moor Plantation, Ibadan, Oyo State, for the period 1st January to 31st December, 2023, the following observation was made:

ISSUE 1: RETENTION FEE PAID WITHOUT THE AUDITOR GENERAL CO-SIGNING THE FINAL PAYMENT CERTIFICATE (=₦1,422,820.46)

Description of Findings
Federal Government Circular Ref. No. TRYA2&B2/2019 OAGF/CAD/026/V.III/358 dated 8th July,2019 Paragraph 2.3 C.X) states; "For contracts having provisions for

retention, the Auditor-General for the Federation or his representative and the representative of the MDA shall co-sign the Certificate releasing the final payment".

Audit observed that:

i. The Institute paid retention fee in the sum of ₦1,422,820.46 (One million four hundred and twenty two thousand eight hundred and twenty naira forty six kobo) only without certification co-signed by the Auditor-General for the Federation or his representative, and
ii. The payment in that manner is invalid because it was made in override of the Auditor-General or his representative's signature of the payment certificate.

The above anomalies could be attributed to weaknesses in the internal control system at the Institute of Agriculture Research and Training, Ibadan.

Risks

i. Loss of public fund.
ii. Payment could be made for fictitious transaction.

Management's Response

We have noted the above observation for future compliance.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,422,820.46 (One million four hundred and twenty two thousand eight hundred and twenty naira forty six kobo), being amount of irregular payment of retention fee.
ii. Recover and remit the sum of ₦1,422,820.46 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.

NATIONAL AGRICULTURAL EXTENSION AND RESEARCH LIAISON SERVICES, ZARIA

At the National Agricultural Extension & Research Liaison Services, Zaria, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: CASH ADVANCES GRANTED ABOVE THE APPROVED THRESHOLD (=₦2,036,500.00)

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." Also, paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August, 2015, states, "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Moreso, paragraph 234(i) of the FR (2009) states, "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same."

Audit observed that:

i. The Institute granted (3) cash advances amounting to ₦2,036,500.00 (Two million, thirty six thousand, five hundred naira) to an officer for various purposes.
ii. The cash advances granted were above the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures.
iii. The advances were not retired in line with extant laws, and
iv. Federal Government lost revenue amounting to ₦274,927.50 (Two hundred and seventy four thousand, nine hundred and twenty seven naira, fifty kobo), accruable from 5% WHT, 7.5% VAT and 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Extension & Research Liaison Services, Zaria.

Risks

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

Management's Response

The mandate of the institute involves the use of Community Based Advisor (CBAs) ADP agents etc, for the dissemination of research, innovations and others technology to farmers.

The GIFMIS platform does not recognize payment to 3rd parties who are not on the roll and therefore such people are paid through the project accountant under FR 1402 © (iii) who pays and retires the advance appropriately. See attached. The items were procured as allocated store for immediate use for the project and that explains why it was not taken to ledger charge as is the case with unallocated store.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,036,500 (Two million, thirty six thousand, five hundred naira), being unretired cash advances granted above the approved threshold.
ii. Recover the sum of ₦2,036,500.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to recover advances and non-retirement of advances specified in paragraphs 3118 and 3124 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦5,079,220.00)

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. The College made four (4) payments amounting to ₦5,079,220.00 (Five million, seventy nine thousand, two hundred and twenty naira), and
ii. The paid vouchers were not supported with relevant documents such as receipts, invoices, etc.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Extension & Research Liaison Services, Zaria.

Risks

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

Management's Response

Please, see the supporting document as sighted by your team. The project is run as a Consortium with other collaborative partners with Exaf. The payment is for Exaf to execute their actives (see attached).

Auditor’s Evaluation

The Management’s response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,079,220.00 (Five million, seventy nine thousand, two hundred and twenty naira), being payment without relevant supporting documents.
ii. Recover the sum of ₦5,079,220.00 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 and wrong payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

NATIONAL INSTITUTE FOR OIL PALM RESEARCH (NIFOR) BENIN-CITY, EDO STATE

At the National Institute for Oil Palm Research, (NIFOR), Benin City, Edo State, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1 NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTER FOR 2023

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 for the Federation not later than 31st May of the following year of Account."

In spite of the above:

i. The Institute failed to submit the audited financial statement and management letter for the financial year 2023 to the Auditor-General for the Federation in line with the above FR, and
ii No justifiable reason was provided for the non-submission in (i) above.

The above anomalies could be attributed to weakness in the internal control system of the National Institute for Oil Palm Research (NIFOR), Benin City.

Risks

i. Poor decision-making by stakeholders.
ii. Reputational damage.
iii. Difficulty in assessing performance

Management's Response

The non-submission of 2023 financial statement is not intentional as the management of the institute considered the submission of financial statement to the office of Auditor General for the Federation as an obligatory responsibility of the Institute. The institute had some backlog of report during the crisis in the year 2018. Meanwhile we have been able to cover the preparation of 2016 - 2020 financial year as normalcy is gradually

returning to the institution. We sincerely apologize and plead that in the shortest possible time, the institute will cover up the preparation and submission of the remaining financial statement.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Justify, to the Public Accounts Committees of the National Assembly, the non-submission of the Institute's 2023 Audited financial Statements.
ii. Present the audited financial statements for 2023 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: NON-DEDUCTION AND NON-REMITTANCE OF 1% STAMP DUTY (=₦416,258.55)

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 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 ₦41,625,855.00 (Forty one million, six hundred and twenty five thousand, eight hundred and fifty five naira) was paid for various works and services, and
ii. The Institute did not deduct statutory 1% Stamp Duty amounting to ₦416,258.55 (Four hundred and sixteen thousand, two hundred and fifty eight naira, fifty five kobo) from payments to contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute for Oil Palm Research, NIFOR, Benin City.

Risks

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

Management's Response

The under deduction of stamp Duty observed by the Audit Team was a misrepresentation. The contract sum used in calculating the statutory deductions was VAT inclusive (i.e 107.5%). We hereby attach payment vouchers, quotations and schedule of statutory deductions as Appendix A.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦416,258.55 (Four hundred and sixteen thousand, two hundred and fifty eight naira, fifty five kobo), being 1% Stamp Duty not deducted from payments to contractors.
ii. Recover the sum of ₦416,258.55 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to 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 3: UNDER REMITTANCE OF VALUE ADDED TAX (=₦1,169,564.92)

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 total VAT chargeable on the contracts awarded during the year under review was ₦36,647,680.50 (Thirty six million, six hundred and forty seven thousand, six hundred and eighty naira, fifty kobo).
ii. The chargeable VAT at 7.5% of the total contract sum (VAT inclusive) resulted to ₦2,556,814.92 (Two million, five hundred and fifty six thousand, eight hundred and fourteen naira, ninety two kobo).
iii. Out of the VAT due, only ₦1,387,250.00 (One million, three hundred and eighty seven thousand, two hundred and fifty naira) was remitted as VAT, and

iv. From the foregoing, the sum of ₦1,169,564.92 (One million, one hundred and sixty nine thousand, five hundred and sixty four naira, ninety two kobo) remained unremitted.

The above anomalies could be attributed to weakness in the internal control system at the National Institute of Oil Palm Research, NIFOR, Benin City.

Risks

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

Management's Response

The under deduction of Value Added Tax observed was a misrepresentation. The contract sum used in the calculating the statutory deductions was VAT inclusive (i.e 107.5%). We hereby attach payment vouchers, quotations and schedule of statutory deduction as Appendix A for further clarification.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,169,564.92 (One million, one hundred and sixty nine thousand, five hundred and sixty four naira, ninety two kobo), being under remittance of VAT.
ii. Recover the sum of ₦1,169,564.92 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 4: CASH ADVANCES GRANTED ABOVE THE ₦200,000.00 THRESHOLD (=₦4,644,000.00)

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." 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. Advances amounting to ₦4,644,000.00 (Four million, six hundred and forty four thousand naira) were granted to some staff of the Institute as standing imprest, personal and non-personal advances in 2023.
ii. Some officers were granted advances in excess of the threshold of ₦200,000.00 in contravention of extant regulations, and
iii. The advances were yet to be retired at the time of audit in September, 2024, and

The above anomalies could be attributed to weaknesses in the internal control system of the National Institute of Oil Palm Research NIFOR, Benin City.

Risks

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

Management's Response

The cash Advances were necessary expenses for operation that cannot be fragmented. However, the observation is noted please.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,644,000.00 (Four million, six hundred and forty four thousand naira), being advances granted above threshold and without evidence of retirement in violation of extant regulations.
ii. Recover the sum of ₦4,644,000.00 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 failure to recover advances and non-retirement of advances specified in paragraphs 3118 and 3124 of the Financial Regulations (2009) respectively, should apply.

NATIONAL VETERINARY RESEARCH INSTITUTE, VOM, PLATEAU STATE

At the National Veterinary Research Institute, Vom, Plateau State, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PROCUREMENT AND INSTALLATION OF ICT FACILITIES WITHOUT CLEARANCE BY NITDA (=₦33,679,230.00)

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 ₦33,679,230.00 (Thirty three million, six hundred and seventy nine thousand, two hundred thirty naira) was paid to a contractor for IT related projects by the institute in the year 2023, and
ii. There was no clearance obtained from NITDA.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

i. Award of contracts to incompetent contractors.
ii. Loss of public funds.

Management's Response

The Contract is for the Supply of Laptops, Desktop Computers, Printers, and Internet cables, which do not require NITDA approval. (see appendix 11)

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦33,679,230.00 (Thirty three million, six hundred and seventy nine thousand, two hundred thirty naira), being payment for procurement of IT related activities without obtaining clearance from NITDA.
ii. Recover the sum of ₦33,679,230.00 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 specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: SPLITTING OF CONTRACTS TO CIRCUMVENT TENDERS PROCEDURES (=₦50,972,892.75)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) (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 Institute awarded four (4) contracts at a contract sum of ₦50,972,892.75 (Fifty million, nine hundred and seventy two thousand, eight hundred and ninety two naira, seventy five kobo) to two (2) Contractors, and
ii. The contracts were for the supply of the same product that ought to have been awarded as a single contract but was rather split into two (2) contracts at a price that was within the Tenders Board's threshold, in other to circumvent tenders' procedures.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.

Management's Response

"The contracts were awarded based on the request for vaccine manufacturing which are based on requests from the vaccine manufacturing Departments because of disease outbreaks and other emergencies. Payment Vouchers were prepared when the funds are available. Attached are copies of the award letters and contract agreements"

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦50,972,892.75 (Fifty million, nine hundred and seventy two thousand, eight hundred and ninety two naira, seventy five kobo), being splitting of contracts to circumvent tenders procedures.
ii. Recover the sum of ₦50,972,8892.75 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 splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦18,103,700.43)

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 the

regulations, the store keeper 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." Furthermore, paragraph 708 of the FR (2009) stipulates that on no account should payment be made for services not yet performed or for goods not yet supplied.

Audit observed that:

i. Forty four (44) paid vouchers for Items of stores amounting to ₦18,103,700.43 (Eighteen million, one hundred and three thousand, seven hundred naira, forty three kobo) did not have Store Receipt Vouchers (SRVs) attached to them. The payments which were made from the Institute's capital (4 PVs), Revenue (31 PVs) and Overhead (9 PVs) accounts were not taken on charge, neither were they posted to the store ledgers, contrary to extant laws, and
ii. In addition, there were no Invoices, delivery note, receipts and Store Issue Vouchers (SIVs) attached to the payment vouchers. There was no evidence to show that the items were taken to stores for documentation contrary to the paragraphs of Financial Regulations stated above.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

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

Management's Response

Most of those items are items that are for immediate use usually consist of items for vaccine production, but correction have been done.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,103,700.43 (Eighteen million, one hundred and three thousand, seven hundred naira, forty three kobo), being payment for store items not taken on ledger charge,
ii. Recover the sum of ₦18,103,700.43 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 payment for jobs not executed specified in paragraph 3104 (iii) of the Financial Regulations (2009) should apply.

ISSUE 4: ABUSE OF TENDERING PROCESS THROUGH BID RIGGING (=₦59,820,000.00)

Description of Findings

Section 24(1) of the Public Procurement Act (PPA) (2007) states, "Except as provided for in this Act, all procurement of goods and works by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 51(6) of the PPA (2007) states, "The successful proposals shall be: (a) the proposals with the best combined evaluation in terms of the criteria established under subsection (1) of this Section from price in the case of quality and cost-based selection; (b) the proposals with the lowest price in the case of least-cost selection."

Audit observed that:

i. Two (2) companies were awarded contracts amounting to ₦59,820,000.00 (Fifty nine million, eight hundred and twenty thousand naira). These contractors were inter-related company and were owned by one (1) person, and
ii. The companies had the same contact addresses and phone Nos. even though they had different company names as shown on the letterhead paper of their respective requests for final payment, attached to the Institute's paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

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

Management's Response

"The contracts awarded were for the supply of diesel to the Institute, which were awarded two different companies with same management at different periods but the debts were off set at the same time."

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦59,820,000.00 (Fifty nine million, eight hundred and twenty thousand naira), being the award of contract to related party in violation to Public Procurement Act (PPA) 2007.
ii. Recover the sum of ₦59,820,000.00 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 gross misconduct, specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 5: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (₦98,706,205.68)

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. Eight (8) payment vouchers totaling ₦98,706,205.68 (Ninety eight million, seven hundred and six thousand, two hundred and five naira, sixty eight kobo), were raised and paid to eight (8) companies as payments for services rendered to the Institute, and
ii. Relevant supporting documents such as store receipt vouchers, invoices, job completion certificates/certificates of attendance, etc. were not attached to the payment vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

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

Management's Response

Find Relevant document attached as appendix 20

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦98,706,205.68 (Ninety eight million, seven hundred and six thousand, two hundred and five naira, sixty eight kobo), being payment without supporting documents.
ii. Recover the sum of ₦98,706,205.68 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 Regulation (2009), should apply.

ISSUE 6 CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦80,054,176.07)

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. Non-personal cash advances amounting to ₦80,054,176.07 (Eighty million, fifty four thousand, one hundred and seventy six naira, seven kobo), were granted to one hundred and twelve (112) officers of the Institute through eighty four (84) and thirty eight (38) payment vouchers from revenue and overheads respectively in the period under review.
ii. In each case, the cash advance to staff was in excess of the approved threshold of ₦200,000.00, and
iii. The use of advances instead award of contracts, resulted to a cumulated loss of revenue to the tune of ₦10,006,772.00 (Ten million, six thousand, seven hundred and seventy two naira) accruable from 7.5% Value Added Tax (VAT) and 5% Withholding Tax (WHT)

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

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

Management's Response

"This has been noted but the vaccine manufacturing process sometimes requires emergency procurement either to protect vaccine seeds, breakdown of vaccine manufacturing equipment or turnaround time for vaccine manufacturing in cases emergency disease outbreaks."

Auditor's Evaluations

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦80,054,176.07 (Eighty million and fifty four thousand, one hundred and seventy six naira, seven kobo), being advances granted above threshold in violation of circular cited above.
ii. Recover the sum of ₦80,054,176.07 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 7: IRREGULARITIES IN THE PROCUREMENT PROCESS (=₦323,351,471.26)

Description of Findings

Paragraph 2950 of the Financial Regulations (FR) (2009) states, "(i) A ministry, Extra-ministerial office or other arms of government shall call for expression of interest or Applications for pre-qualification from consultants where their services so required have been fully ascertained. (ii) Pursuant to sub-section (i) above, a notice shall be published in at least 2 (two) national newspapers and the procurement journal." Also, 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 2922(iii) of the PPA (2007) states, "A national competitive bidding shall be advertised on the notice board of the procuring entity, two (2) national newspapers, the websites of the procuring entity and in the procurement journal at least six (6) weeks before the deadline for the submission of bids." In addition, paragraph 2907(i) of the 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 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, timesheets, etc."

Audit observed that:

i. The sum of ₦323,351,471.26 (Three hundred and twenty three million, three hundred and fifty one thousand, four hundred and seventy one naira, twenty six kobo) was awarded and paid to twenty eight (28) contractors during the year 2023 without following due process, and
ii. There was no evidence of advertisement in at least two (2) national dailies and there was no evidence requesting for bids submission and subsequent approval from BPP for Certificate of "No Objection". Also, no copy of the Parastatal's Tender's Board (PTB) approval was sighted.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

i. Payment for non-existent transactions.
ii. Loss of public funds.

Management's Response

Attached are the copy of PTB approval. See appendix 23

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦323,351,471.26 (Three hundred and twenty three million , three hundred and fifty one thousand, four hundred and seventy one naira, twenty six kobo), being payment for contracts without following due process.
ii. Recover the sum of ₦323,351,471.26 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to the procurement procedure specified in paragraph 3125 of the Financial Regulations (2009) should apply.

ISSUE 8: PAYMENT FOR STUDY LEAVE WITHOUT EVIDENCE OF APPROVAL AND BOND (=₦12,568,429.92)

Description of Findings

Paragraph 120228 of the Public Service Rule (PSR) (2021) states, "a. study leave with pay shall be granted to an Officer with normal emoluments. The duration of study of study leave with pay shall not exceed two years. This is granted when the course of study is relevant to the mandate of the MDA and the schedule of duty of the concerned Officer if however, there is acceptable justification, one- year extension shall be granted." Furthermore, paragraph 120231 of Public Service Rule (PSR) (2021) states, "the release of any Officer on study leave shall be subject to the approval of the Head of the Civil Service of the Federation on the recommendation of the Officer's Permanent Secretary/Head of Extra Ministerial Office."

Audit observed that:

i. Two (2) staff of the Institute were paid the sum of ₦12,568,429.92 (Twelve million, five hundred and sixty eight thousand, four hundred and twenty nine naira, ninety two kobo) for study leave with pay to undertake full time courses in various countries.
ii. There was no evidence of approval from the Office of the Head of Service of the Federation.
iii. There was no letter of bond agreement between the Institute and the staff to show a sign of commitment of coming back or study being beneficial to the system.

iv. Several requests to the Management to provide the original and acknowledged copy of these documents were turned down, and
v. Also, these documents were not in the personal files of the Officers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

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

Management's Response
Attached are the relevant documents (see appendix 28)

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Executive Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,568,429.92 (Twelve million, five hundred and sixty eight thousand, four hundred and twenty nine naira, ninety two kobo), being payment to officers on study leave without approval from the Head of Civil Service of the Federation.
ii. Recover the sum of ₦12,568,429.92 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 Financial Regulation (2009) should apply.

ISSUE 9: UNDER-REMITTANCE OF INTERNALLY GENERATED REVENUE/OPERATING SURPLUS TO THE CRF (=₦127,349,705.00)

Description of Findings
Paragraph 1(ii) of the Federal Treasury Circular with reference number FMFBNP/OTHERS/IGR/CFR/12/2021 dated 20th December, 2021, states, "All partially funded Federal Government Agencies/ Parastatals (receiving Capital or overhead allocation from the Federal Government Budget) should limit their annual budgetary expenditure from their Internally Generated Revenue (IGR) to not more than 50% (fifty percent) of their gross IGR and remit 100% (hundred percent) of the remaining 50% (fifty percent) to the Sub-Recurrent Account. All statutory revenue line like tender fees, contractor's registration fees etc should be remitted 100%." Also, Paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include:…(l) ensuring that any revenue collected are not spent, but remitted to the appropriate authorities promptly." Similarly, section 22(2) of the Fiscal Responsibility Act (2007) states, "The balance of the operating surplus shall be paid into the Consolidated

Revenue Fund of the Federal Government not later than one month following the statutory deadline for publishing each corporation's accounts."

Audit observed that:

i. The Institute generated the sum of ₦264,699,410.62 (Two hundred and sixty four million, six hundred and ninety nine thousand, four hundred and ten naira, sixty two kobo) as Internally Generated Revenue (IGR) in 2023.
ii. 50% of the IGR amounting to ₦132,349,705.00 (One hundred and thirty two million, three hundred forty nine thousand, seven hundred and five naira) was expected to have been remitted to the Treasury, and
iii. The sum of ₦5,000,000.00 (Five million naira) only was remitted thereby resulting to under-remittance of ₦127,349,705.00 (one hundred and twenty seven million, three hundred and forty nine thousand, seven hundred and five naira).

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

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

Management's Response

The items 6 and 7 are not internally generated revenue but for special projects

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦127,349,705.00 (One hundred and twenty seven million, three hundred and forty nine thousand, seven hundred and five naira), being 50% of IGR under remitted.
ii. Recover the sum of ₦127,349,705.00 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 failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulation (2009) should apply.

ISSUE 10: PAYMENT FOR FOREIGN TRAVELS WITHOUT EVIDENCE OF APPROVAL (=₦18,719,629.30)

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 ₦18,719,029.30 (Eighteen million, seven hundred and nineteen thousand and twenty nine naira, thirty kobo) was paid to Executive Director and other Directors of the Institute to attend international trainings, conference on Vaccine Development, Toxicology etc. within the year under review.
ii. The above payment was made through four (4) paid vouchers.
iii. There was no evidence to show that approvals were obtained from the Head of Civil Service of the Federation before payments were made as required by extant regulations, and
iv. The reports from the various seminars and conferences for which this sum was purportedly spent were not made available for the team to authenticate that the trips were actually made.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

i. Misappropriation of public funds.
ii. Payment for non-existent transactions.
iii. Loss of public funds.

Management's Response

Attached are copies of acknowledgement of approvals for foreign trips. See appendix 31

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,719,029.30 (Eighteen million, seven hundred and nineteen thousand, and twenty nine naira, thirty kobo), being payment for foreign travels without evidence of approval from Office of the Head of the Civil Service of the Federation.
ii. Recover the sum of ₦18,719,029.30 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 11: IRREGULAR MAINTENANCE OF REVENUE ACCOUNT WITH COMMERCIAL BANK (=₦7,665,970.00)

Description of Findings

Paragraph 701 of the Financial Regulations (FR) (2009) states, "No official bank account shall be opened unless authorized by the Accountant General of the Federation" Also, Paragraph 2 of the Treasury Circular Ref. No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March, 2015, states, "With effect from 1st April 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government." Furthermore, Treasury Circular No. TRY/A7&B7/2015/OAGF/CAD/026/VOL.11/240, dated 5th October, 2015, states, "following the expiration of the 15th September, 2015 deadline for all MDAs to comply with the Presidential directive on the establishment and operation of Treasury Single Account/E-Collection scheme, it is expected that all accounts maintained and operated in the DMBs (Deposit Money Banks) by MDAs would have been closed and balances transferred to the Central Bank of Nigeria (CBN)" Similarly, 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." Additionally, paragraph 112(i)(l) of the FR (2009) states, "The functions of the Accounting Officer shall include "…ensuring that any revenue collected are not spent but remitted to the appropriate authorities promptly". Finally, paragraph 112(i)(f) of FR (2009) states, "The functions of the Accounting Officer shall include …ensuring accurate collection and accounting for all public moneys received and expended..."

Audit observed that:

i. The Executive Director opened a UBA and Zenith Bank Commercial Accounts with numbers 1017330292 and 1011551882 into which transfers of revenue generated by the Institute were made instead of the designated TSA account, as required by extant regulations, and

ii. The sum of ₦7,665,970.00 (Seven million, six hundred and sixty five thousand, nine hundred and seventy naira) was diverted to the commercial banks. This is contravention of the Treasury Circular referenced above. it is expected that all accounts maintained with the commercial banks by MDAs would have been closed and balances transferred to the Treasury Single Account (TSA) at Central Bank of Nigeria (CBN). The breakdown of the amount transferred to the commercial bank account is shown in the Table below:

S/N	Revenue Heads	Amount (₦)
1	Poultry	2,224,600.00
2	Refunds	1,543,370.00
3	Tetfund Refunds	3,850,000.00
4	Falling of Trees	48,000.00
	Total	**7,665,970.00**

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

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

Management's Response

TETFUND grant relevant documents attached. See appendix 42

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,665,970.00 (Seven million, six hundred sixty five thousand, nine hundred and seventy naira), being payment into commercial bank accounts instead of TSA.
ii. Recover the sum of ₦7,665,970.00 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 failure to account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 12: EXTRA BUDGETARY EXPENDITURE (=₦98,901,294.00)

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 d 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 controlling 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. Two (2) sub-heads (Electricity Charges and Travel and Transportation-General) in the year under review had a sum of ₦27,574,308.00 (Twenty seven million, five

hundred and seventy four thousand, three hundred and eight naira) in the 2023 Appropriation Act.

ii. A total of ₦126,475,602.00 (One hundred and twenty six million, four hundred and seventy five thousand, six hundred and two naira) was spent on the two subheads in the year, and

iii. This resulted in extra budgetary expenditure of ₦98,901,294.00 (Ninety eight million, nine hundred and one thousand, two hundred and ninety four naira) as shown in the Table below.

S/N	CODES	LINE ITEMS	AMT.BUDGETED ₦	AMT. EXPENDED ₦	VARIATION ₦
1	220201	TRAVEL&TRANSPORT – GENERAL	17,574,308.00	97,769,642.00	80,195,334.00
2	22020201	ELECTRICITY CHARGES	10,000,000.00	28,705,960.00	18,705,960.00
		TOTAL	**27,574,308.00**	**(126,475,602.00)**	**(98,901,294.00)**

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

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

Management's Response

Some of the travels were funded from grants approved by the grantees.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦98,901,294.00 (Ninety eight million, nine hundred and one thousand, two hundred and ninety four naira), being extra budgetary expenditure.
ii. Recover the sum of ₦98,901,294.00 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 specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 13: DENIAL OF ACCESS TO DOCUMENTS AND RECORDS OF THE INSTITUTE

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 ledgers and books of accounts of poultry, rent of government quarters, restaurant, laundry and consultancy services and income generated from these sources were said to be managed by a private entity formed by the Management of Institute known as "NVRI CONSULTANCY ". The documents were not made available to the audit team despite several request.
ii. While they refer to NVRI Consultancy as a limited liability company, inquiry revealed that all the assets, building, staff, equipment, furniture and revenue acclaimed by the consultancy belong to the Institute, and
iii. The documents not presented include, among others; (a) Bank statements, (b) Bank account details, (c) records and books of accounts (d) List of staff working in the consultancy units, (e) their designation, (f)employment type (contract or permanent) (g) their IPPIS numbers, (h) whether they are staff of the institute (I) PPP arrangement showing evidence of profit sharing ratio between the consultancy and government (Institute).

The above anomalies could be attributed to weaknesses in the internal control system at the at the National Veterinary Research Institute, Vom.

Risks

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

Management's Response

All records were appropriately given for use during the audit process.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the operations of "NVRI CONSULTANCY".

ii. Present all documents related to the Management of the "NVRI CONSULTANCY " to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulation (2009) should apply.

ISSUE 14: UNAUTHORISED VIREMENT FROM OVERHEAD EXPENDITURE (=₦16,743,964.00)

Description of Findings

Paragraph 301 of the Financial Regulations (FR) (2009) states, "The Annual Estimates and Appropriation Act is the instrument used to limit and arrange annually the disbursement of 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 estimate, until the Appropriation has received an authority to do so in accordance with one of the following provisions of the Act, these rules and regulations. Any officer controlling a vote, or part thereof, who incurs Expenditure without such authority does so on sole responsibility and will consequently, be held pecuniarily responsible for his actions."

Audit observed that:

i. Payments amounting to ₦16,743,964.00 (Sixteen million, seven hundred and forty three thousand, nine hundred and sixty four naira) were made from various sub-heads without recourse to the 2023 Appropriation Act.
ii. The above payments included payment of security service code subhead 22020601 for which there was no vote in addition to virements from other subheads for payment of salaries and wages, and
iii. There was no evidence of authority from the National Assembly and the Minister of Finance for the virement from one Sub-head of Account to another.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

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 Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,743,964.00 (Sixteen million, seven hundred and forty three thousand, nine

hundred and sixty four naira), being unauthorized virement of recurrent expenditure.

ii. Recover the sum of ₦16,743,964.00 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 15: PAYMENT OF UNAPPROVED ALLOWANCES TO STAFF (=₦10,909,372.80)

Description of Findings

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act, CAP N72, LFN (1999) (as amended) 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) (as amended) states, "Where collective agreements between employers and employees involve increase wages, salaries, and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 415 of the Financial Regulations (FR) (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦10,909,372.80 (Ten million, nine hundred and nine thousand, three hundred and seven two naira, eighty kobo) was paid to Management staff of the Institute in 2023 as "tea for extra hour worked" or "Ex-Gratia", and
ii. There was no evidence of approval from the National Wages, Incomes and Salaries Commission to justify the payment of the allowances above.

The above anomalies could be attributed to weaknesses in the internal control system at the National Veterinary Research Institute, Vom.

Risks

i. Mismanagement of public funds.
ii. Misappropriation of public funds.
iii. Loss of public funds.

Management's Response

Any Ex-Gratia or Honorarium paid is from grants and projects and approved by the Grantees.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,909,372.80 (Ten million, nine hundred and nine thousand, three hundred and seven two naira, eighty kobo), being allowances paid without the approval of NSIWC.
ii. Recover the sum of ₦10,909,372.80 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 manage public funds effectively specified in paragraphs 3106 and 3115 of Financial Regulation (2009) respectively, should apply.

NIGERIAN AGRICULTURAL INSURANCE CORPORATION, ABUJA

At the Nigerian Agricultural Insurance Corporation, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: FAILURE TO COLLECT GOVERNMENT REVENUE (=₦379,580,500.00)

Description of Findings

Paragraph 112 of Financial Regulations (FR) (2009) states, "(i) The functions of the Accounting Officer shall include:… (f) ensuring accurate collection and accounting for all public moneys received and expended;" Furthermore, paragraph 224 of the FR (2009) states, "The following general principles shall apply in respect of all monies due to federal government. (i) All accounts or statements requesting payment to government of revenue due shall be sent out in advance and should show thereon the date by which payment ought to be made. (ii) All services rendered by government must be paid for immediately on completion of the service. Where possible, payment may be made in advance". Additionally, paragraph 227 of the FR (2009) states, "(ii) It is the responsibility of Accounting Officers to follow up outstanding items of revenue and to take all necessary steps to ensure collection…"

Audit observed that:

i. The Corporation's tenancy schedule as at 19th August, 2024 revealed that outstanding and uncollected rental income amounted to ₦379,580,500.00 (Three hundred and seventy nine million, five hundred and eighty thousand, five hundred naira), and
ii. Further review showed that rental arrears owed by some tenants, including National Oil Spill Detection and Response Agency'(NOSDRA), have remained outstanding for approximately seven (7) years, with no evidence of recovery efforts by the Corporation.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Agricultural Insurance Corporation, Abuja.

Risks

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

Management's Response

The Corporation has tried to recover the outstanding rent from the Ministry of Agriculture and food security which its departments are occupying our building.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦379,580,500.00 (Three hundred and seventy nine million, five hundred and eighty thousand, five hundred naira), being rent not collected and remitted to the Treasury.
ii. Recover the sum of ₦379,580,500.00 and remit to the Treasury.
iii. Forward evidence 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 2: OUTSTANDING STATE GOVERNMENTS DEBT TO THE CORPORATION (=₦1,904,818,000.00)

Description of Findings

Section 9 (1,2,3a&b,4) of the National Agricultural Insurance Corporation Act (1993) provide that the rate of insurance premium payable under the Scheme by farmers shall be such percentage of the sum assured as the Corporation may, from time to time, determine having regard to the pure risk premium, reserve premium and administrative loading. The Corporation shall subsidize the premium payable under subsection (1) of this section at such rate not exceeding 50 percent as it may, from time to time determine. This subsidy on premium referred to in subsection (2) of this section shall (a) be paid to the Corporation by the Federal Government and the State Governments in the proportion of 37.5 percent and 12.5 percent respectively; and (b) for a particular year, be paid within the first quarter of the following year. Where a State Government defaults in its payment to the Corporation, the Federal Government shall cause the amount to be deducted from funds due to the defaulting State and remitted to the Corporation.

Audit observed that:

i. The thirty six (36) states of the Federation and the Federal Capital Territory collectively owed the Corporation the sum of ₦1,904,818,000.00 (One billion, nine hundred and four million, eight hundred and eighteen thousand naira) as at 31st December, 2023, and
ii. The indebtedness represents the 12.5% state government contributions for the agriculture subsidy premium payable to the Corporation. The Corporation failed to activate the provision of section 9 (4) of the NAIC Act to recover the debt.

The above anomalies could be attributed to weaknesses in the internal control system at Nigerian Agricultural Insurance Corporation, Abuja

Risks

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

Management's Response

The Corporation has written series of letter to the Federal Government and the states involved, with the promise to settle the debt.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,904,818,000.00 (One billion, nine hundred and four million, eight hundred and eighteen thousand naira), being outstanding revenue the Corporation failed to collect.
ii. Recover the sum of ₦1,904,818,000.00 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 failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

FEDERAL UNIVERSITY OF AGRICULTURE, UMUDIKE.

At the Federal University of Agriculture, Umudike, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: OVER-PAYMENT OF CONTRACTORS THROUGH UNAPPROVED VARIATIONS (=₦597,003,119.39)

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, Establishment Circular Ref. No.: SGF/OP/1/S.3/VIII/124 of 25th August, 2009, and SGF/OP/1/S.3/X/372 of 25th July, 2013, states, "variation above 15% initial contract sum are referred for Presidential approval before it is processed for certification by the Bureau of public procurement. The objective of this is to check the unnecessary expansion of contract scope and the consequential escalation of project costs." Establishment Circular Ref. No. SGF/OP/1/S.3/viii/57 of 11th March, 2009, prohibits

approving variations in the existing contracts that are within the limits of the new thresholds without reverting to the appropriate Tenders Board for necessary ratification.

Audit observed that:

i. The University initially awarded five (5) contracts at the sum of ₦623,984,708.57 (Six hundred and twenty three million, nine hundred and eighty four thousand, seven hundred and eight naira, fifty seven kobo).
ii. The contractors made requests for an upward review to the sum of ₦1,220,987,827.96 (One billion, two hundred and twenty million, nine hundred and eighty seven thousand, eight hundred and twenty seven naira, ninety six kobo). Based on this request, an unauthorized upward variation of ₦597,003,119.39 (Five hundred and ninety seven million, three thousand, one hundred and nineteen naira, thirty nine kobo) was subsequently granted without appropriate approvals as required by the above stated extant regulations.
iii. The Presidential approval for the variation of contract award and BPP certificate of "No Objection" was not provided for the upward review of contract sum in line with extant rule on variation above 15% of the original contract sum.
iv. The Vice Chancellor unilaterally reviewed the contracts upward without reverting to the Tenders Board that initially approved the contracts for necessary ratification, and
v. Full payments to the contractors had been made based on the unauthorized reviewed sum at the time of audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Loss of public funds.
ii. Abuse of Office.
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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦597,003,119.39 (Five hundred and ninety seven million, three thousand, one hundred and nineteen naira, thirty nine kobo), being contract variation paid without appropriate approvals.
ii. Recover the sum of ₦597,003,119.39 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 payment for jobs not executed specified in paragraph 3104 (iii) of the Financial Regulations (2009) should apply.

ISSUE 2: IRREGULARITIES IN THE AWARD AND PAYMENT OF CONTRACTS (=₦216,900,007.88)

Description of Findings

Section 42(1) of the Public Procurement Act (PPA) (2007) states, "A procuring entity may carry out any emergency procurement where:…(b) there is an urgent need for the goods, works or services and engaging in tender proceedings or any other method of procurement is impractical due to unforeseeable circumstances giving rise to the urgency which is not the result of dilatory conduct on the part of the procuring entity;" Furthermore, section 43(4) of the PPA (2007) states, "Immediately after the cessation of the situation warranting any emergency procurement, the procuring entity shall file a detailed report thereof with the Bureau which shall verify same and if appropriate issue a Certificate of 'No Objection."

Audit observed that:

i. The Vice Chancellor awarded and paid for contracts amounting to ₦216,900,007.88 (Two hundred and sixteen million, nine hundred thousand, seven naira, eighty eight kobo) above his approval threshold before obtaining approvals from Tenders Board in the year under review.
ii. The contracts were above the approval threshold of the Vice Chancellor but were awarded by him on behalf of the Tenders Board contrary to extant laws, and
iii. Tenders Board approvals were found to be obtained after contract awards and payments.

The above anomalies could be attributed to weaknesses in the internal control system at Federal University of Agriculture, Umudike.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. payment for non-existent 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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦216,900,007.88 (Two hundred and sixteen million, nine hundred thousand, seven naira, eighty eight kobo), being payments made above the Vice Chancellor's approval threshold.
ii. Recover the sum of ₦216,900,007.88 and remit to the Treasury.
iii. Forward evidence of remittance to the 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 3: ABUSE OF PROCUREMENT PROCESS AND BPP's "NO OBJECTION" (=₦85,107,750.00)

Description of Findings

Section 16 subsection 22 of Public Procurement Act (PPA) (2007) states, "The accounting officer of a procuring entity has the responsibility to ensure that the provisions of this Act and the regulations laid down by the Bureau are complied with and concurrent approval by any Tenders Board shall not absolve the accounting officer from accountability for anything done in contravention of this Act or the regulations laid down here under."

Audit observed that:

i. The Contract for supply and installation of furniture (TETFUND merged intervention 2020, 2021 & 2022) was awarded and paid to a contractor at the sum of ₦85,107,750.00 (Eighty five million, one hundred and seven thousand, seven hundred and fifty naira) during the year 2023.
ii. The BPP granted "No-Objection" to adopt restrictive/selective tendering method for the contract via letter reference no. BPP/S.1/CID/23/VOL.I/132 dated 6th March, 2023 on the condition that two firms are not responsive and as such should be removed and two more responsive bidders added, and
iii. Two (2) firms that were disqualified by BPP as being unresponsive were added to three (3) other responsive bidders for financial evaluation which led to the emergence of the unresponsive firm as the winner.

The above anomalies could be attributed to weaknesses in the internal control system at Federal University of Agriculture, Umudike.

Risks

i. Abuse of procurement process.
ii. Award of contracts to ineligible contractors.

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 ₦85,107,750.00 (Eighty five million, one hundred and seven thousand, seven hundred and fifty naira), being payment for contracts awarded in violation of BPP's certificate of "No Objection".
ii. Recover the sum ₦85,107,750.00 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 gross misconduct and irregular payment specified in paragraphs 3129 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: AWARD OF CONTRACTS ABOVE APPROVED THRESHOLD (=₦722,321,670.84)

Description of Findings

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 20(2) of the PPA (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…" Also, paragraph 1 of the Establishment Circular Ref. No. PROC/OSGF/BPP/709/85 of 19th January, 2022 states, "…the Federal Government has approved the revision of subsisting Prior Review and Monetary Thresholds for Service Wide Application for procurement of Goods, Works and Services…"

Audit observed that:

i. The Parastatal Tenders Board approved various contracts above their approval threshold limit. The cumulative value of sampled contracts in this regard amounted to ₦722,321,670.84 (Seven hundred and twenty two million, three hundred and twenty one thousand, six hundred and seventy naira, eighty four kobo), and
ii. The approvals granted by the Parastatal Tenders Board in respect of each contract were above their single approval limit for procurement of goods and services.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Award of contracts 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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦722,321,670.84 (Seven hundred and twenty two million, three hundred and twenty one thousand, six hundred and seventy naira, eighty four kobo), being payment for contracts above the approval threshold.
ii. Recover the sum of ₦722,321,670.84 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 award and poor cash management specified in paragraphs 3117 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5 AWARD OF CONTRACTS TO INELIGIBLE COMPANIES (=₦937,298,875.95)

Description of Findings

Section 31(1) of Public Procurement Act (2007) states, “All bids shall be first examined to determine if they: (a) meet the minimum eligibility requirements stipulated in the bidding documents.” 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.”

Audit observed that:

i. Thirty three (33) contracts were awarded to companies that were not eligible to do business with government.
ii. The sum of ₦937,298,875.95 (Nine hundred and thirty seven million, two hundred and ninety eight thousand, eight hundred and seventy five naira, ninety five kobo) was paid to the companies through seventy seven (77) payment vouchers, and
iii. The companies did not meet the eligible requirements for award of contracts, such as evidence of registration on BPP data base, Tax Clearance Certificates, NSITF, ITF, PENCOM certificates e.t.c.as stipulated in the Public Procurement Act 2007.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Award of contracts to ineligible contractors.
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 ₦937,298,875.95 (Nine hundred and thirty seven million, two hundred and ninety eight thousand, eight hundred and seventy five naira, ninety five kobo), being payments for contracts awarded to ineligible companies.
ii. Recover the sum of ₦937,298,875.95 and remit to the Treasury.
iii. Forward evidence remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of Financial Regulations (2009) should apply.

ISSUE 6: PAYMENTS TO CONTRACTORS IN EXCESS OF VALUE OF WORK DONE (=₦213,764,495.99)

Description of Findings

Paragraph 2933(ii) of Financial Regulations (FR) (2009) states, “No further payments shall be made to a supplier or contractor who has been paid mobilization fee except on the strength of an interim performance certificate issued in accordance with the contract agreement.”

Audit observed that:

i. The contract for the construction and furnishing of Senate Building (Year 2021 TETFUND SPECIAL HIGH IMPACT INTERVENTION PROJECTS LOT 1) was awarded to a company at the sum of ₦1,425,096,639.91 (One billion, four hundred and twenty five million, ninety six thousand, six hundred and thirty nine naira, ninety one kobo).
ii. The sum of ₦427,528,991.97 (Four hundred and twenty seven million, five hundred and twenty eight thousand, nine hundred and ninety one naira, ninety seven kobo) was paid as mobilisation fee.
iii. As at Interim Payment Certificate No.3, 50% of the advance (mobilization fee) was recovered leaving an outstanding amount with the contractor amounting to ₦213,764,495.99 (Two hundred and thirteen million, seven hundred and sixty four thousand, four hundred and ninety five naira, ninety nine kobo), and
iv. The contractor was still being paid even while the Mobilization fee advanced to the contractor was not amortised fully as at the IPC 3.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦213,764,495.99 (Two hundred and thirteen million, seven hundred and sixty four thousand, four hundred and ninety five naira, ninety nine kobo), being payment to contractors in excess of value of work done.
ii. Recover the sum of ₦213,764,495.99 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 fraudulent payment of money to a contractor specified in paragraph 3104(iii) of the Financial Regulations (2009) should apply.

ISSUE 7: PAYMENT OF MOBILIZATION FEES WITH CONDITIONAL ADVANCE PAYMENT GAURANTEE/INSURANCE BONDS (=₦278,154,437.07)

Description of Findings

Section 35 of the Public Procurement Act (PPA) (2007) states, “In addition to any other regulations as may be prescribed by the Bureau, a mobilization fee 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.”

Audit observed that:

i. Payments of mobilization fees amounting to ₦278,154,437.07 (Two hundred and seventy eight million, one hundred and fifty four thousand, four hundred and thirty seven naira, seven kobo) were made to contractors who were engaged by the University for five (5) contracts, with conditional Advance Payment Guarantees contrary to extant regulations, and
ii. Two (2) of the contracts in (i) above had one (1) year and remaining three (3) had 6 months guarantee. Whether or not the advance payments made had been fully recovered could not be confirmed.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦278,154,437.07 (Two hundred and seventy eight million, one hundred and fifty four thousand, four hundred and thirty seven naira, seven kobo), being payment in violation of the Public Procurement Act 2007.
ii. Recover the sum of ₦278,154,437.07 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to fraudulent payment of money to a contractor specified in paragraph 3104(iii) of the Financial Regulations (2009) should apply.

ISSUE 8: UNJUSTIFIED PAYMENT OF PRELIMINARIES INCLUDED IN CONTRACTS (=₦96,872,805.00)

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. Nine (9) contracts were awarded with provision for preliminaries valued at ₦96,872,805.00 (Ninety six million, eight hundred and seventy two thousand, eight hundred and five naira) included in the contracts and paid during the year 2023, and
ii. Records and invoices/receipts showing how such amounts were utilized was not made available despite several and repeated requests during the periodic check.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦96,872,805.00 (Ninety six million, eight hundred and seventy two thousand, eight hundred and five naira), being payment for preliminaries without evidence of utilization.
ii. Recover the sum of ₦96,872,805.00 and remit to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3104(iii) of the Financial Regulations (2009) should apply.

ISSUE 9: IRREGULAR ENGAGEMENT OF CONSULTING FIRMS (=₦73,899,790.72)

Description of Findings

Paragraph 2950 of the Financial Regulations (FR) (2009) states, "(i) A ministry, Extra-ministerial office or other arms of government shall call for expression of interest or Applications for pre qualification from consultants where their services so required have been fully ascertained. (ii) Pursuant to sub-section (i) above, a notice shall be published in at least 2 (two) national newspapers and the procurement journal." Furthermore, paragraph 2951 of the FR (2009) states, "(i) Notwithstanding the provisions of FR 2945, a ministry/extra ministerial office or other arms of government may, without publication, invite or request not less than 3 or more than 10 consultants or relevant service providers to submit proposals for service whose value is less than one million naira approval of the Bureau. (ii) The proposals requested for under sub section (i) above shall include the following (a) a statement of qualifications of the consultant to provide the service; (b) a statement of understanding of the procuring entity's needs; (c) the methodology for providing the service; and (d) the cost or fee for the service."

Audit observed that:

i. Consulting services amounting to ₦73,899,790.72 (Seventy three million, eight hundred and ninety nine thousand, seven hundred and ninety naira, seventy two kobo) were awarded and paid for, without evidence of open competitive bidding thereby, denying every interested bidder equal simultaneous information and opportunity to offer the services needed in 2023, and
ii. The basis for selection of the consultants was not disclosed as necessary tender documents/procedures were not made available despite several and repeated requests during the audit to justify the choice of the consultants.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Engagement of ineligible consultants.
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.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦73,899,790.72 (Seventy three million, eight hundred and ninety nine thousand, seven hundred and ninety naira, seventy two kobo), being payment in violation of the procurement process.
ii. Recover the sum of ₦73,899,790.72 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 award of contracts specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE10: IRREGULARITIES IN THE AWARD AND PAYMENTS OF CONTRACTS (=₦74,373,500.00)

Description of Findings

Section 16 (18) of Public Procurement Act (PPA) (2007) states, “Notwithstanding subsection (16) of this Section, the Bureau may refuse to issue a 'Certificate of "No Objection" to Contract Award ' on the grounds that the price is excessive.” Also, paragraph 603 (i) of the Financial Regulations (FR) (2009) states, “All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc.”

Audit observed that:

i. Contracts for the construction & furnishing of a one-storey building (Students hostel blocks 1 and 2 each in the year 2020 TETFUND Special Intervention Project) were awarded to two (2) contractors at the sum of ₦249,502,415.52 (Two hundred and forty nine million, five hundred and two thousand, four hundred and fifteen naira, fifty two kobo) and ₦244,325,432.13 (Two hundred and forty four million, three hundred and twenty five thousand, four hundred and thirty two naira, thirteen kobo).
ii. The cost of furniture was excessively priced to the tune of ₦67,933,500.00 (Sixty seven million, nine hundred and thirty three thousand, five hundred naira) when compared with the prevailing market price at that time.
iii. Metal doors valued at ₦6,440,000.00 (Six million, four hundred and forty thousand naira) supplied and installed were not to specification. The contract’s Bill of Quantities specified metal doors but wooden doors were supplied and installed, and
iv. The cost escalation observable in the two jobs amounted to ₦74,373,500.00 (Seventy four million, three hundred and seventy three thousand, five hundred naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Payment for poorly executed contracts.
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.

Recommendations
The Vice Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦74,373,500. 00 (Seventy four million, three hundred and seventy three thousand, five hundred naira), being payment for inflation of contracts and use of substandard materials.
ii. Recover the sum of ₦74,373,5 00.00 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 11: UNDER-REMITTANCE OF 25% OF INTERNALLY GENERATED REVENUE TO THE CRF (=₦569,835,493.09)

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 University generated the sum of ₦2,279,341,972.37 (Two billion, two hundred and seventy nine million, three hundred and forty one thousand, nine hundred and seventy two naira, thirty seven kobo) as Internally Generated Revenue (IGR) in 2023, and
ii. 25% of the IGR which amounts to ₦569,835,493.09 (Five hundred and sixty nine million, eight hundred and thirty five thousand, four hundred and ninety three naira, nine kobo) was not remitted to the Treasury.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks
i. Loss of revenue.
ii. Difficulty in funding the 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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦569,835,493.09 (Five hundred and sixty nine million, eight hundred and thirty five thousand, four hundred and ninety three naira, nine kobo), being 25% of IGR not remitted to the Treasury as required by extant regulations.
ii. Recover the sum of ₦569,835,493.09 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 12: PAYMENT OF IRREGULAR ALLOWANCES TO STAFF (=₦36,677,967.19)

Description of Findings
Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act (1999) (as amended) 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 (1999) (as amended) states, "Where collective agreements between employers and employees involve increase wages, salaries, and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 213(ii) of the Financial Regulations (FR) (2009) states, "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account." The National Salaries, Incomes and Wages Commission's Circular 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. 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 University disbursed the sum of ₦36,677,967.19 (Thirty six million, six hundred and seventy seven thousand, nine hundred and sixty seven naira, nineteen kobo), as allowances that had already been consolidated in the Tertiary and Research Institutions and Academic Salary Structures.

ii. Payment voucher no. 4248 dated 25th August, 2022, for the sum of ₦9,315,213.00 (Nine million, three hundred and fifteen thousand, two hundred and thirteen naira) was paid to the Vice Chancellor, as salaries and allowances of his domestic staff.
iii. The sum of ₦10,821,087.27 (Ten million, eight hundred and twenty one thousand, eighty seven naira, twenty seven kobo) was paid to some principal officers as monetized annual leave allowance during the period under review, and
iv. The sum of ₦16,541,666.92 (Sixteen million, five hundred and forty one thousand, six hundred and sixty six naira, ninety two kobo) was also paid to principal officers of the University as Responsibility Allowance.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

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 Vice Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦36,677,967.19 (Thirty six million, six hundred and seventy seven thousand, nine hundred and sixty seven naira, nineteen kobo), being irregular payment of allowances to staff.
ii. Recover the sum of ₦36,677,967.19 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 overpayment of public funds specified in paragraphs 3106 and 3111 of Financial Regulations (2009) respectively, should apply.

ISSUE 13: IRREGULAR PAYMENTS OF PUBLIC FUNDS (=₦20,971,180.26)

Description of Findings
Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act, CAP N72, LFN (1999) (as amended) 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) (as amended) states, "Where collective agreements between employers and employees involve increase wages, salaries, and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph

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

Audit observed that:

i. The sum of ₦20,971,180.26 (Twenty million, nine hundred and seventy one thousand, one hundred and eighty naira, twenty six kobo) was paid as allowances to council members and principal officers of the University during festive periods.
ii. There was no approval from the National Salaries, Income and Wages Commission authorizing the Council to pay such an allowance, and
iii. There was no evidence to show that the above expenditure was contained in the Appropriation Act.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike

Risks

i. Loss 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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦20,971,180.26 (Twenty million, nine hundred and seventy one thousand, one hundred and eighty naira, twenty six kobo), being allowances paid without the approval of NSIWC.
ii. Recover the sum of ₦20,971,180.26 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 or wrong payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 14: DOUBTFUL PAYMENT OF INSURANCE PREMIUM (=₦45,909,145.04)

Description of Findings

Section 50(1) of the Insurance Act (2003) states, “The receipt of an insurance premium shall be a condition precedent to a valid contract of insurance, and there shall be no cover in respect of an insurance risk unless the premium paid in advance. Furthermore, section 50(2) of the Insurance Act (2003) states, “An insurance premium collected by an insurance broker in respect of an insurance business transacted through the

insurance broker shall be deemed to be premium paid to the insurer involved in the transaction."

Audit observed that:

i. Seventeen (17) payment vouchers valued at ₦45,909,145.04 (Forty five million, nine hundred and nine thousand, one hundred and forty five naira, four kobo) were used in paying an Insurance Broking firm premium in respect of Comprehensive insurance cover for the University's vehicles**.**
ii. Payments were made to the Broker in arrears meaning that there was no insurance contract between the University and the insurance companies. The insurance company would not have indemnified the university if the insured risk had occurred during the period the premium was not paid, and
iii. For the broking firm to accept this method of payment, signifies collusion. The action of the broker was intentional, being a professional who should provide a professional service to the University for a commission.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦45,909,145.04 (Forty five million, nine hundred and nine thousand, one hundred and forty five naira, four kobo), being amount paid in violation of the Insurance Act.
ii. Recover the sum of ₦45,909,145.04 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 15 UNRETIRED CASH ADVANCES GRANTED FOR CONVOCATION CEREMONY (=₦72,331,128.50)

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." Also, paragraph 3 of the Treasury Circular Ref. No. TRY/A7 &

B7/2015/OAGF/CAD/026/V.1/178 of 12th August, 2015, states, "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007."

Audit observed that:

i. Fifteen (15) payment vouchers amounting to ₦72,331,128.50 (Seventy two million, three hundred and thirty one thousand, one hundred and twenty eight naira, fifty kobo) were raised and paid to officers of the University for convocation ceremony between 2nd and 24th November, 2023 during the year 2023.
ii. There was no documentary evidence of how this fund was utilized.
iii. All the payment vouchers were in excess of the approved threshold of ₦200,000.00 as required by extant treasury circular, and
iv. Government lost revenue amounting to ₦9,764,702.35 (Nine million, seven hundred and sixty four thousand, seven hundred and two naira, thirty five kobo), accruable from value added tax,withholding tax and stamp duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Loss of revenue.
ii. Difficulty in funding the budget.
iii. Misappropriation 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 ₦72,331,128.50 (Seventy two million, three hundred and thirty one thousand, one hundred and twenty eight naira, fifty kobo), being unretired advances.
ii. Recover the sum of ₦9,764,702.35 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of cash advances and loss of government revenue specified in paragraphs 3124 and 3112 of the Financial Regulations (2009) respectively, should apply.

ISSUE 16: IRREGULAR TRANSFER OF PUBLIC FUNDS TO A PRIVATE BANK ACCOUNT (=₦52,000,000.00)

Description of Findings

Paragraph 713 of Financial Regulations (FR) (2009) states, "Personal money shall in no circumstances be paid into government fund, nor shall any public money be paid into

a private bank account. Public officers who pay public money into a private account is deemed to have done so with fraudulent intention."

Audit observed that:

i. The sum of ₦52,000,000.00 (Fifty two million naira) was paid to private accounts of members of staff for various purported activities during the period under review, and
ii. These payments were not classified as cash advances and there was no evidence provided showing the utilization of the funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Payment for non-existent transactions.
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 ₦52,000,000.00 (Fifty two million naira), being amount paid to private accounts of staff for various purported activities.
ii. Recover the sum of ₦52,000,000.00 and remit to the Treasury.
iii. Forward the evidence of remittance to Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to poor management of cash and irregular or wrong payment in paragraphs 3115 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 17: PAYMENT FOR JOB NOT EXECUTED (=₦18,000,000.00)

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."

Audit observed that:

i. The sum of ₦18,000,000.00 (Eighteen million naira) was paid in favour of a firm for the acquisition of Land and Compensation to land donors at Olori and Olokoro Axis vide payment voucher no. 55597 dated 26th June, 2023.
ii. There was no evidence from the Federal Ministry of Works to confirm the land acquisition and also to certify the amount payable to each beneficiary as specified in

the extant laws.

iii. Necessary documents indicating the process of engagement were not sighted nor attached to the payment voucher.

iv. There was no evidence of a job specification to be carried out, and

v. Job performance and report of the Consultancy showing who to pay and the amount to be paid to each beneficiary, and acknowledgement of receipt by the beneficiaries were not provided during the audit despite several repeated requests.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,000,000.00 (Eighteen million naira), being payment for job not executed.

ii. Recover the sum of ₦18,000,000.00 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 18: PAYMENTS WITHOUT PAID VOUCHER (=₦135,055,033.41)

Description of Findings

Paragraph 601 of the Financial Regulations (FR) (2009) states, "All payment entries in the Cash book 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 voucher has not been raised."

Audit observed that:

i. Ten (10) payments amounting to ₦135,055,033.41 (One hundred and thirty five million, fifty five thousand, thirty three naira, forty one kobo) were made for supplies and services during the period under review, and

ii. The above payments were made without raising payment vouchers contrary to the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Payment for non-existent 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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦135,055,033.41 (One hundred and thirty five million, fifty five thousand, thirty three naira, forty one kobo), being payments made without raising payment vouchers.
ii. Recover the sum of ₦135,055,033.41 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 19: UNAPPROVED PAYMENT OF ALLOWANCES TO STAFF (=₦10,091,592.48)

Description of Findings

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act, CAP N72, LFN (1999) (as amended) 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) (as amended) states, "Where collective agreements between employers and employees involve increase wages, salaries, and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 415 of the Financial Regulations (FR) (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦10,091,592.48 (Ten million, ninety one thousand, five hundred and ninety two naira, forty eight kobo) was paid as Inducement Allowance to staff in Principal Officers' cadre vide paid voucher No. 253 dated 27th December, 2023, and
ii. There was no approval from the National Salaries and Wages Commission

(NSIWC) as required by extant regulations, as this was not made available for authentication despite several requests.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

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

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,091,592.48 (Ten million, ninety one thousand, five hundred and ninety two naira, forty eight kobo), being payment without approval from NSIWC.
ii. Recover the sum of ₦10,091,592.48 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 overpayment of public funds specified in paragraphs 3106 and 3111 of Financial Regulations (2009) respectively, should apply.

ISSUE 20: PAYMENT FOR FOREIGN TRIPS WITHOUT APPROVAL (=₦76,584,399.00)

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 ₦76,584,399.00 (Seventy six million, five hundred and eighty four thousand, three hundred and ninety nine naira) was paid to ten (10) officers of the

University to enable them embark on foreign training, seminars, conferences and workshops abroad.

ii. The payments were not supported by any approvals, either by the Office of the Head of Civil Service of the Federation or by the Secretary to the Government of the Federation, and

iii. Evidence of travels, such as copies of the invitation letter from the Organization, Immigration stamped pages in their international passports, air-tickets, or boarding passes, reports of training, 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 Agriculture, Umudike.

Risks

i. Loss of public funds.
ii. Payment for non-existent 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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦76,584,399.00 (Seventy six million, five hundred and eighty four thousand, three hundred and ninety nine naira), being payment for foreign trips without approvals.
ii. Recover the sum of ₦76,584,399.00 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 of public funds specified in paragraphs 3106 and 3111 of Financial Regulations (2009) respectively, should apply.

ISSUE 21: DOUBTFUL PAYMENT FOR LOGISTICS (=₦7,300,000.00)

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 sum of ₦200,000.00 (Two hundred thousand naira) paid as logistics was always inserted into the travelling allowance of the Vice-Chancellor for all scheduled official trips made by him during the year 2023.
ii. This accumulated to the sum of ₦7,300,000.00 (Seven million, three hundred thousand naira), and

iii. The evidence of utilisation of the above logistics was not presented for audit, despite requests, until the conclusion of the assignment.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Mismanagement 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 Vice Chancellor should be requested to:

i. Account for the sum of ₦7,300,000.00 (Seven million, three hundred thousand naira), being payments for official trips without evidence of utilization.
ii. Recover the sum of ₦7,300,000.00 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 and overpayment of public funds specified in paragraphs 3106 and 3111 of Financial Regulations (2009) respectively, should apply.

ISSUE 22: IRREGULAR MONTHLY PAYMENTS TO THE VICE-CHANCELLOR (=₦9,600,000.00)

Description of Findings

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act, CAP N72, LFN (1999) (as amended) 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) (as amended) states, "Where collective agreements between employers and employees involve increase wages, salaries, and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 415 of the Financial Regulations (FR) (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. A monthly payment of ₦800,000.00 (Eight hundred thousand naira) was made to the Vice-Chancellor, comprising of Lodge Maintenance, ₦500,000.00 (Five hundred thousand naira), Security Imprest, ₦250,000.00 (Two hundred and fifty

thousand naira) and Recharge Card Allowance, ₦50,000.00 (Fifty thousand naira), and

ii. The total amount paid between January 2023 and December 2023 was ₦9,600,000.00 (Nine million, six hundred thousand naira) for the unapproved allowances stated in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Mismanagement of public funds.
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.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,600,000.00 (Nine million, six hundred thousand naira), being payments made without approval from the NSIWC.
ii. Recover the sum of ₦9,600,000.00 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 and overpayment of public funds specified in paragraphs 3106 and 3111 of Financial Regulations (2009) respectively, should apply.

ISSUE 23: IRREGULAR PAYMENT INTO A JOINT PRIVATE ACCOUNT (=₦91,810,735.00)

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 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. During the period under review, the sum of ₦91,810,735.00 (Ninety one million, eight hundred and ten thousand, seven hundred and thirty five naira) was paid into a Zenith bank Account jointly owned by the Vice Chancellor and his wife, and
ii. The reasons and breakdown of the expenses that resulted in this payment were not provided for audit, despite several requests.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

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 Vice-Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦91,810,735.00 (Ninety one million, eight hundred and ten thousand, seven hundred and thirty five naira), being funds transferred to a joint account without purpose of payment and relevant approvals.
ii. Recover the sum ₦91,810,735.00 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and overpayment of public funds specified in paragraphs 3106 and 3111 of Financial Regulations (2009) respectively, should apply.

ISSUE 24: FOREIGN TRIP WITHOUT EVIDENCE OF EMBARKING ON THE TRIP (=₦15,482,000.00)

Description of Finding

Paragraph 415 of the Financial Regulations (FR) (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 112 (i) of the FR (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency; (b) ensuring that the essential management control tools are put in place to minimize waste and fraud…"

Audit observed that:

i. The sum of ₦15,482,000.00 (Fifteen million, four hundred and eighty two thousand naira) was paid in respect of the sponsorship of the Vice Chancellor on a foreign trip to attend the League of Tropical Universities Summit in China from 13th to 15th November, 2023, vide payment voucher No. 5458 dated 8th November, 2023.
ii. The above includes an amount of ₦10,000,000.00 (Ten million naira) for the return air-ticket from Abuja to China. This was excessive as our investigation revealed that the cost of an air ticket for the same trip should have been ₦6,000,000.00 (Six million naira), which signals an excess expenditure of ₦4,000,000.00 (Four million naira).
iii. The air ticket purportedly purchased for the trip was not made available to the Audit team to confirm the claim, and
iv. There was no evidence of inbound and outbound, showing the travel dates.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Payment for non-existent transactions.
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.

Recommendations

The Vice-Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,482,000.00 (Fifteen million, four hundred and eighty two thousand naira), being payment for foreign trip without evidence of embarking on the journey.
ii. Recover the sum of ₦15,482,000.00 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 and overpayment of public funds specified in paragraphs 3106 and 3111 of the Financial Regulations (2009) respectively, should apply.

ISSUE 25: MISAPPLICATION OF FUNDS (=₦12,015,843.22)

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 415 of the FR (2009) states, "The

federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦5,232,500.00 (Five million, two hundred and thirty two thousand, five hundred naira) was paid through paid voucher No. 605 dated 14th March, 2023, from NEEDS Account for the payment of allowances to members of Governing Council in respect of the meeting held between Monday, 30th January, and 1st February, 2023.
ii. The sum of ₦6,783,343.22 (Six million, seven hundred and eighty three thousand, three hundred and forty three naira, twenty two kobo) was paid from TETFUND account vide paid voucher No. 084 dated 18th January, 2023 in respect of the final payment Certificate for Erosion Control Work at NDDC Female Hostel Building in favour of a company under NEEDS assessment project, and
iii. Evidence of approved virement of the sum of ₦12,015,843,22 (Twelve million, fifteen thousand, eight hundred and forty three naira, twenty two kobo) in compliance with extant regulations was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Mismanagement of public funds.
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.

Recommendations

The Vice-Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,015,843,22 (Twelve million, fifteen thousand, eight hundred and forty three naira, twenty two kobo), being payment of funds without relevant authorization and approval.
ii. Recover the sum of ₦12,015,843,22 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 26: QUESTIONABLE REFUND TO NEEDS ASSESSMENT FUND ACCOUNT (=₦35,663,783.72)

Description of Findings

Paragraph 301 of the Financial Regulations (FR) (2009) states, "The Annual Estimates and Appropriation Act is the instrument used to limit and arrange the disbursement of 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 estimate, until the Appropriation has received an authority to do so in accordance with one of the following provisions of the Act, these rules and regulations. Any officer controlling a vote, or part thereof, who incurs Expenditure without such authority does so on sole responsibility and will consequently be held pecuniarily responsible for his actions."

Audit observed that:

i. Payments amounting to ₦35,663,787.72 (Thirty five million, six hundred and sixty three thousand, seven hundred and eighty seven naira, seventy two kobo) were made from NEEDS Assessment Project fund and returned as refund of money borrowed from NEEDS Assessment account in 2022 Financial year for urgent & pressing University's services vide payment voucher no. 5781 dated 27th November, 2023, and
ii. There was no evidence of authority to borrow funds from one sub-head of account to another, nor was there an authority for virement.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike

Risks

i. Misappropriation of funds.
ii. Diversion of public funds.
iii. Payment for non-existent 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 Vice-Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦35,663,787.72 (Thirty five million, six hundred and sixty three thousand, seven hundred and eighty seven naira, seventy two kobo), being amount paid in violation of the virement approval process.
ii. Recover the sum of ₦35,663,787.72 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 27: GRANTING OF LOANS TO CONTRACTORS WITHOUT FINANCIAL AUTHORITY (=₦8,000,000.00)

Description of Finding

Paragraph 2933(ii) of the Financial Regulations (FR) (2009) states, "No further payments shall be made to a supplier or contractor who has been paid mobilization fee except on the strength of an interim performance certificate issued in accordance with the contract agreement." 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."

Audit observed that:

i. Contracts were awarded to a company for the construction of students' hostel, Block B and construction of students' hostel Block A for ₦8,000,000.00 (Eight million naira). The contractor did not complete the Job leaving outstanding work in the contract.
ii. The University granted soft loans of ₦3,000,000.00 (Three million naira) and ₦5,000,000.00 (Five million naira) to two firms on the 16th March, 2023, to enable them complete the outstanding works on the contracts for the construction of students' hostel, Block B and construction of students' hostel Block A, respectively.
iii. The University is not a credit institution and therefore lacks the statutory authority to grant credit facilities of this nature, and
iv. By advancing funds to contractors in the form of loans, the University financed the project beyond the value of work executed, as payments were not tied to the actual value of work done, in contravention of the applicable extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Payment for jobs not executed.
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.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,000,000.00 (Eight million naira), being payment in violation of the financial regulations.
ii. Recover the sum of ₦8,000,000.00 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 28: IRREGULAR PAYMENT TO A THIRD PARTY WITHOUT AUTHORISATION (=₦30,124,701.90)

Description of Findings

Section 16 of the Public Procurement Act (PPA) (2017) stipulates the requirement of professional and technical qualifications for the award of a contract as being, financial capability, equipment and other relevant infrastructure required, adequate personnel to perform the obligations and the legal capacity to enter into the contract, etc.

Audit observed that:

i. The sum of ₦30,124,701.90 (Thirty million, one hundred and twenty four thousand, seven hundred and one naira, ninety kobo) was paid to a firm vide paid voucher No. 3926 dated 17th August, 2023 in respect of the final payment certificate for the Procurement, Installation & Commissioning of Laboratory Equipment (Year 2020 TETFund Zonal Intervention project.).
ii. The contract was awarded to a different company other than the one to whom payment was made as in (i) above, and
iii. This payment was without any Power of Attorney from the company requesting for payment.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Award of contracts to incompetent contractors.
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.

Recommendations

The Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦30,124,701.90 (Thirty million, one hundred and twenty four thousand, seven hundred and one naira, ninety kobo), being irregular payment for third party without authorization.
ii. Recover the sum of ₦30,124,701.90 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 29: PAYMENTS WITHOUT PREPAYMENT AUDIT (=₦179,457,108.41)

Description of Findings

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

Audit observed that:

i. The sum of ₦179,457,108.41 (One hundred and seventy nine million, four hundred and fifty seven thousand, one hundred and eight naira, forty one kobo) was paid for various expenditures through ten (10) payment vouchers, between 3rd February and 19th September, 2023, and
ii. The payment vouchers were not vetted or cleared by the Internal Audit Unit, as required under the applicable extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

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 Vice Chancellor should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦179,457,108.41 (One hundred and seventy nine million, four hundred and fifty seven thousand, one hundred and eight naira, forty one kobo), being payment without prepayment audit.
ii. Recover the sum of ₦179,457,108.41 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 30: OVER-PAYMENTS TO CONTRACTORS (=₦2,543,556.54)

Description of Findings

Paragraph 415 of the Financial Regulations (FR) (2009) requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Furthermore, paragraph 412 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…" 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. Two (2) Payment vouchers amounting to ₦52,129,991.41 (Fifty two million, one hundred and twenty nine thousand, nine hundred and ninety one naira, forty one kobo) were raised in favour of two (2) contractors.
ii. The GIFMIS printout revealed that the contractors were paid ₦54,673,547.95 (Fifty four million, six hundred and seventy three thousand, five hundred and forty seven naira, ninety five kobo) instead of the amount stated on the paid vouchers, and
iii. The payments to the contractors were above the amounts stated on the payment vouchers which resulted to an over payment of ₦2,543,556.54 (Two million, five hundred and forty three thousand, five hundred and fifty six naira, fifty four kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Loss of public funds.
ii. Payment for jobs 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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,543,556.54 (Two million, five hundred and forty three thousand, five hundred and fifty six naira, fifty four kobo), being payment above the amount on the payment vouchers.
ii. Recover the sum of ₦2,543,556.54 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 31: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦76,100,000.00)

Description of Findings

Paragraph 110 of the Financial Regulations (FR) (2009) states, "By virtue of their responsibilities and functions, the Accountant-General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of government or units. They shall also be entitled to require and receive from members of the public service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

Audit observed that:

i. The sum of ₦76,100,000.00 (Seventy six million, one hundred thousand naira) was paid for various purposes, and
ii. The above payments which were made through four (4) paid vouchers were not presented for audit examination despite several requests. All efforts made by the team to obtain the four paid vouchers were unsuccessful.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Payment for non-existent transactions.
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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦76,100,000.00 (Seventy six million, one hundred thousand naira), being payment vouchers not presented for audit.
ii. Recover the sum of ₦76,100,000.00 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 32: NON-SUBMISSION OF 2023 AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORTS

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." Also, Paragraph 4 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/7 dated 18th March, 2016, requires MDAs to prepare annual statutory financial reports in addition to the monthly trial balance to be submitted to Treasury. Similarly, paragraph 5.3 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/108 dated 1st December, 2016, requires each MDA to prepare IPSAS accrual basis annual statutory financial statements effective 1st January, 2016. The Circular requires all MDAs to prepare the following annual statutory financial statements."

Audit observed that:

i. The audited financial statement and management report for the financial year ended 31st December, 2023 was not forwarded to the Auditor-General for the Federation, and
ii. The action of management was 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 University of Agriculture, Umudike.

Risks

i. Poor decision-making by stakeholders.
ii. Difficulty in assessing performance
iii. Reputational damage.

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 non-submission of stand-alone financial statements for the year 2023.
ii. Produce the stand-alone Financial Statements for 2023 and the corresponding Management Letter/Report as required by extant regulations.
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 33: IRREGULAR PAYMENT OF SITTING ALLOWANCE TO MANAGEMENT STAFF (=₦5,237,500.00)

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

Audit observed that:
i. The sum of ₦5,237,500.00 (Five million, two hundred and thirty seven thousand, five hundred naira) was paid as sitting allowance to members of staff of the University during the period under review in flagrant violation of the above extant regulation, and
ii. The approval rates used in determining the amount paid to each staff as sitting allowance could not be produced.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks
i. Loss of public funds.
ii. Payment for non-existing 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 Vice Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,237,500.00 (Five million, two hundred and thirty seven thousand, five hundred naira), being amount paid to staff without approvals by relevant authorities.

ii. Recover the sum of ₦5,237,500.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and overpayment of public funds specified in paragraphs 3106 and 3111 of the Financial Regulations (2009) respectively, should apply.

ISSUE 34: FOREIGN TRIP WITHOUT APPROVAL (=₦8,136.297.00)

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 Management of the University paid the sum of ₦8,136,297.00 (Eight million, one hundred and thirty six thousand, two hundred and ninety seven naira) to the Vice Chancellor and his wife for local and international trips during the year 2023, and
ii. There was no approval from the Secretary to the Government of the Federation or Head of Civil Service of the Federation in line with the extant circulars.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Mismanagement 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 Vice-Chancellor should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,136,297.00 (Eight million, one hundred and thirty six thousand, two hundred and ninety seven naira), being payment for oversea travels without approval by the Head of the Civil Service of the Federation.
ii. Recover the sum of ₦8,136,297.00 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 35: CASH ADVANCES ABOVE STATUTORY LIMIT (=₦32,736,378.62)

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

Audit observed that:

i. The sum of ₦32,736,378.62 (Thirty two million, seven hundred and thirty six thousand, three hundred and seventy eight naira, sixty two kobo) was paid to staff for the procurement of works, goods and services.
ii. The advances granted were in excess of the cash advances threshold of ₦200,000.00
iii. The Federal Government lost revenue amounting to ₦4,419,411.11(Four million, four hundred and nineteen thousand, forty hundred and eleven naira, eleven kobo) accruable from the statutory 7.5% VAT, of ₦2,455,228.40 (Two million, four hundred and fifty five thousand, two hundred and twenty eight naira, forty kobo), 5% WHT of ₦1,636,818.93 (One million, six hundred and thirty six thousand, eight hundred and eighteen naira, ninety three kobo) and 1% Stamp Duty of ₦327,363.78 (Three hundred and twenty seven thousand, three hundred and sixty three naira, seventy eight kobo), and
iv. There was no evidence to show the advances were retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal University of Agriculture, Umudike.

Risks

i. Payment for non-existent transactions.
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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,736,378.62 (Thirty two million, seven hundred and thirty six thousand, three hundred and seventy eight naira, sixty two kobo), being payment in violation of the cash advances threshold.
ii. Recover the sum of ₦32,736,378.62 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating non-retirement of advances and imprest specified in paragraph 3124 of the Financial Regulations (2009) should apply.

SECTION 2

EXTRA MINISTERIAL AUDIT DEPARTMENT (EMAD)

CENTRE FOR BLACK AND AFRICAN ARTS AND CIVILIZATION (CBAAC)

At the Centre for Black and African Arts and Civilisation, Abuja, for the period 1st January to 31st December, 2023, the following observation was made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS FOR THE YEARS 2022 AND 2023

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 foregoing:

i. The Authority's audited financial statements for two (2) financial years, i.e. 2022 and 2023, were not submitted to the Auditor General for the Federation, and
ii. No reason was provided for the non-submission of the financial statements for the financial years in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Centre for Black and African Arts and Civilisation (CBAAC).

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 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 financial years 2022 and 2023, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

DEVELOPMENT BANK OF NIGERIA (DBN), PLC, ABUJA

At the Development Bank of Nigeria (DBN) Plc, Abuja, for the period 1st January, 2019 to 31st December, 2021, the following observations were made:

ISSUE 1: DENIAL OF ACCESS TO FINANCIAL RECORDS AND INFORMATION

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 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 bank's equity was financed by the Central Bank of Nigeria (CBN) and the Federal Ministry of Finance (FMoF).
ii. During the course of business, it attracted debt finance from Development Partners, and
iii. Repeated requests by the Office for access to the information in (ii) above were declined by the Management of the Bank.

The above anomalies could be attributed to weaknesses in the internal control system at the Development Bank of Nigeria (DBN) Plc, Abuja.

Risks

i. Concealment of financial information.
ii. Diversion of government revenue.
iii. Loss of public funds.

Management's Response

Development Bank of Nigeria has submitted all requested documents including all annual reports. Furthermore, all periodic statements of Development Bank of Nigeria are sent to all sub-committees of the National Assembly on a regular basis. The accounts are also in the public domain and hosted on our website at www.devbankng.com

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the debt finance secured from Development Partners, and

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

ISSUE 2: UNACCOUNTED TRANSFERS (=₦17,600,000,000.00)

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 112 (f) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…"

Audit observed that:

i. Transfers totaling ₦17,600,000,000.00 (Seventeen billion, six hundred million naira) were made from the account of the Bank between 2019 and 2020 as shown in the Table below, and

Date of payments	Transfer details	Amount (₦)
20/08/2020	414459097 - Transfer of Funds Development Bank of Nigeria	10,000,000,000.00
05/11/2020	431547029 - Transfer of funds Development Bank of Nigeria	1,300,000,000.00
19/05/2020	397326806 - Transfer of funds Development Bank of Nigeria	3,250,000,000.00
11/04/2019	293862614 - Transfer of funds Development Bank of Nigeria	800,000,000.00
29/04/2019	296689418 - Transfer from CBN account to GTB Development Bank of Nigeria	200,000,000.00
06/05/2019	298883239 - Transfer of funds Development Bank of Nigeria	500,000,000.00
28/05/2019	303243774 - Transfer of funds Development Bank of Nigeria	200,000,000.00
06/06/2019	305812165 - Transfer from CBN account to GTB Development Bank of Nigeria	50,000,000.00
14/06/2019	307051538 - Transfer of funds Development Bank of Nigeria	300,000,000.00
23/07/2019	316761389 - Transfer from CBN account to GTB Development Bank of Nigeria	600,000,000.00
27/11/2019	353601616 - Transfer of funds Development Bank of Nigeria	400,000,000.00
Total		**17,600,000,000.00**

ii. The purposes of the transfers were neither described in the bank statements nor were the payment records provided for audit scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Development Bank of Nigeria (DBN) Plc, Abuja

Risks

i. Diversion of public funds.

ii. Loss of government funds.

Management's Response

Development Bank of Nigeria is a financial institution and on account of this, the operation of the bank involves receipts and payments with respect to loans to participating financial institutions, borrowings from development partners and investments in the day-to-day running of the institution. All such payments follow the laid down guidelines and internal controls that have been put in place by the Board and Management of the bank, and follow international best practices for accounting and financial management.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦17,600,000,000.00 (Seventeen billion, six hundred million naira) transferred from the account of the Bank between 2019 to 2020.
ii. Recover and remit to the Treasury the sum of ₦17,600,000,000.00.
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 account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: UNVERIFIABLE INCREASE IN ADMINISTRATIVE EXPENSES (=₦325,896,000.00)

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 110 of the FR (2009) states, "By virtue of the responsibilities and functions of the Accountant-General and the Auditor General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of government."

Audit observed that:

i. The sum of ₦1,419,793,000.00 (One billion, four hundred and nineteen million, seven hundred and ninety three thousand naira) was spent as administrative expenses in the year 2020.
ii. The amount in (i) above, however, increased to ₦1,745,689,000.00 (One billion, seven hundred and forty five million, six hundred and eighty nine thousand naira) in 2021, representing a 22.95% increase under the expenditure head, and
iii. The records for the sum of ₦325,896,000 (Three hundred and twenty five million, eight hundred and ninety six thousand naira), which is the difference between (i)

and (ii) above, was not provided to enable the audit verify and ascertain the reason for the increase in administrative expenses.

The above anomalies could be attributed to weaknesses in the internal control system at the Development Bank of Nigeria (DBN) Plc, Abuja.

Risks

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

Management's Response

As a financial institution, all administrative expenses of the bank are properly vetted and determined to be wholly, reasonably, exclusively, and necessarily incurred for the bank's business. There are no cases of unauthorized expenses.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦325,896,000 (Three hundred and twenty five million, eight hundred and ninety six thousand naira) being unverifiable increase in administrative expenses.
ii. Recover and remit to the Treasury, the sum of ₦325,896,000.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to spending of public money without due regard to economy, specified in paragraph 3115 of the Financial Regulations (2009) should apply.

ISSUE 4: UNSUBSTANTIATED PROCUREMENT (=₦2,126,051,056.28)

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

Audit observed that:

i. The sum of ₦207,380,704.49 (Two hundred and seven million, three hundred and eighty thousand, seven hundred and four naira, forty nine kobo) was paid for supplies in the period under review.
ii. The sum of ₦247,919,811.08 (Two hundred and forty seven million, nine hundred and nineteen thousand, eight hundred and eleven naira, eight kobo) was paid for consultancy contracts.
iii. The sum of ₦200,074,285.71 (Two hundred million, and seventy four thousand, two hundred and eighty five naira, seventy one kobo) was spent for the procurement of motor vehicles between 2019 and 2020.
iv. Furthermore, ₦1,470,676,255.00 (One billion, four hundred and seventy million, six hundred and seventy six thousand, two hundred and fifty five naira) was paid for the procurement of properties, and
v. Evidence to confirm that the expenditures in (i) to (iv) above, totaling ₦2,126,051,056.28 (Two billion, one hundred and twenty six million, fifty one thousand, and fifty six naira, twenty eight kobo), complied with extant laws on procurement could not be verified as the management of the Bank did not grant the auditors access to the records.

The above anomalies could be attributed to weaknesses in the internal control system at the Development Bank of Nigeria (DBN) Plc, Abuja.

Risks

i. Compromise in contract of supplies.
ii. Concealment of public financial information.
iii. Loss of government funds.

Management's Response

All procurements in the bank are guided by the bank's procurement policy which was duly vetted and approved by the board of directors. Internal control and internal audit also both provide additional assurance to the Board and stakeholders on all matters relating to procurement of goods and services.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,126,051,056.28 (Two billion, one hundred and twenty six million, fifty one thousand, and fifty six naira, twenty eight kobo) paid in respect of unsubstantiated procurement.

ii. Recover and remit to the Treasury, the sum of ₦2,126,051,056.28.
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 job not done, specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: UNACCOUNTED PAYMENT FOR COVID 19 FUNDS (=₦100,000,000.00)

Description of Findings

Paragraph 112 of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: …(i) ensuring internal guides, rules, regulations, procedures are adequately provided for the security and effective check on the assessment, collection and accounting for revenue;". Also, paragraph 603 (i) of the Financial Regulations 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 Financial Regulations states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦100,000,000.00 (One hundred million naira), was paid by the Management of the Bank on 20th April, 2020, as DBN Grant Support for Covid-19 eradication, and
ii. Relevant records of the payment, approvals, and evidence of utilization were not provided by the Bank for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Development Bank of Nigeria (DBN) Plc, Abuja.

Risks

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

Management's Response

The Covid-19 grant was made in response to the banking industry initiative known as CA-COVID where all financial institutions created a fund through the Central Bank of Nigeria, to support the effort of the Federal Government of Nigeria in eradicating Covid-19. The donation was duly approved by the Board and disclosed in the annual report.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the payment of ₦100,000,000.00 (One hundred million naira) for COVID 19 Eradication without granting access to relevant records.
ii. Recover and remit to the Treasury, the sum of ₦100,000,000.00.
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 account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: IRREGULAR PAYMENTS OF SALARIES BY THE BANK (=₦1,906,848,000.00)

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

Audit observed that:

i. The sum of ₦666,334,000.00, representing 53.71% was the increase in personnel cost from ₦1,240,514,000.00 in 2020 to ₦1,906,848,000.00 in 2021 financial year as revealed in note 14 of the Consolidated and Separate Financial Statements.
ii. The salaries paid, net of taxes, by the Bank varied in the year 2020 by ₦720,079,613.27 (Seven hundred and twenty million, seventy nine thousand, six hundred and thirteen naira, twenty seven kobo). The salaries for each month varied in many cases as shown in the Table below

Month	Salary Variance
	₦
January	56,962,798.14
February	57,107,270.56
March	57,107,270.56
April	60,428,558.86
May	59,758,358.23
June	59,910,043.84
July	59,551,938.65
August	59,551,938.65
September	56,962,748.46
October	59,806,231.60
November	66,466,227.86
December	66,466,227.86
Total	**720,079,613.27**

iii. The non-provision of records by the bank made it difficult to examine the propriety of staff cost of the Bank from inception.

The above anomalies could be attributed to weaknesses in the internal control system at the Development Bank of Nigeria (DBN) Plc, Abuja.

Risks

i. Unapproved payments.
ii. Loss of public funds.

Management's Response

Payment of salaries are made in line with approved compensation structure by the board of directors and follow the laid down compensation policy of the bank. In addition, monthly payroll is done in line with laid down internal controls.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦1,906.848,000.00 (One billion, nine hundred and six million, eight hundred and forty-eight thousand naira) being irregular payment of salaries.
ii. Recover and remit to the Treasury the sum of ₦1,906,848,000.00.
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 account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: NON-DEDUCTION AND NON-REMITTANCE OF STAMP DUTY (=₦25,602,151.44)

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 ₦2,560,215,144.00 (Two billion, five hundred and sixty million, two hundred and fifteen thousand, one hundred and forty four naira) was paid for contracts awarded by the Bank, and
ii. The Bank failed to deduct and remit statutory 1% Stamp Duty of ₦25,602,151.44 (Twenty five million, six hundred and two thousand, one hundred and fifty one naira, forty four kobo) from payments made to the contractors in (i) above as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Development Bank of Nigeria (DBN) Plc, Abuja.

Risks

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

Management's Response

All stamp duties due on all contracts have been deducted and duly remitted to the FIRS.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦25,602,151.44 (Twenty five million, six hundred and two thousand, one hundred and fifty one naira, forty four kobo) being 1% statutory Stamp Duty not deducted and remitted to the relevant tax authority.
ii. Recover and remit the sum of ₦25,602,151.44 to the relevant tax authority.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect government revenue specified in paragraph 3112 (i) of the Financial Regulations (2009) should apply.

NATIONAL BROADCASTING COMMISSION (NBC), ABUJA

At the National Broadcasting Commission (NBC) in Abuja, the following observations were made for the period from 1st January, 2022 to 31st December, 2023:

ISSUE 1: NON RECOVERY OF OUTSTANDING RECEIVABLES AND NON-REMITTANCE OF STATUTORY TAXES (=₦1,376,550,215.00) AND (=₦20,691,069.00)

Description of Findings

Paragraph 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 234 (i) of 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 234 (ii) of the FR (2009) states, "Any loss of government revenue through direct payment of VAT and WHT to contractor or failure to provide for VAT and WHT due and remitting same to Federal Inland Revenue Service by any ministry/extra-ministerial department shall be recovered from the statutory allocation of the defaulting ministry/extra-ministerial office and other arms of government. Remittance shall be made not later than 21 days after deduction."

Audit observed that:

i. Receivables amounting to ₦3,220,405,000.00 (Three billion, two hundred and twenty million, four hundred and five thousand naira), were overdue for collection by the Commission.
ii. The Commission only recovered the sum of ₦1,843,854,785.00 (One billion, eight hundred and forty three million, eight hundred and fifty four thousand, seven hundred and eighty five naira) only, but document to authenticate the recovery were not provided.
iii. Despite the purported recovery of the sum of ₦1,843,854,785.00, there was still an outstanding receivable of ₦1,376,550,215.00 from some vendors/licensees as at 31st December, 2022.
iv. The sum of ₦20,691,069.00 (Twenty million, six hundred and ninety one thousand, sixty nine naira) was similarly deducted and statutory taxes but remained unremitted as at 31st December, 2022, as shown in the Table below.

S/N	Statutory Deductions	Amount (₦)
1	Stamp Duty	1,481,300.00
2	Withholding Tax	14,432,552.00
3	Value Added Tax	4,777,217.00
	TOTAL	**20,691,069.00**

Source: Extract from the Commissions documents

iii. Evidence of the Commission's efforts in recovering the amount in (iii) and remittance of amount in (iv) were not provided despite repeated requests for copies of circularization to the debtors by management.

The above anomalies could be attributed to weaknesses in the internal control system at the National Broadcasting Commission (NBC), Abuja.

Risks

i. Loss of government revenue.
ii. Weak internal control system.
iii. Misappropriation of government funds.

Management's Response

The Commission was able to recover ₦1,843,854,785.00 (One billion, eight hundred and forty three million, eight hundred and fifty four thousand, seven hundred and eighty five naira) out of the static over trade receivables of ₦3,220,405,000. In furtherance to

the commission effort to recover all debt owed by the Licensees, the commission sanctioned some stations and published the names of the Debtor stations in the national dailies, Daily Trust of May 25, 2022. These policies were however being impaired by the court injunctions and court process filled by some civil societies, for example Socio Economic Right and Accountability project (SERAP). Please find attached here the evidence of unremitted statutory deductions and approval from National salaries, Income and Wages Commission.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,220,405,000 (Three billion, two hundred and twenty million, four hundred and five thousand naira), being long overdue trade receivables
ii. Provide to the Public Accounts Committees of the National Assembly, evidence of the recovery of trade receivables of ₦1,843,854,785.00 as claimed
iii. Recover and remit the outstanding trade receivable of ₦1,376,550,215.00 from some vendors/licensees
iv. Remit to the appropriate tax authority, the sum of ₦20,691,069.00 (Twenty million, six hundred and ninety one thousand, sixty nine naira) which was deducted but remained unremitted as at 31st December, 2022.
v. Provide evidence of remittances to the Public Accounts Committees of the National Assembly, and
vi. Otherwise, sanctions relating to failure to collect government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: DEPLORABLE STATE OF THE NATIONAL BROADCASTING COMMISSION IBADAN STATION OFFICE BUILDING

Description of Findings

Paragraph 112(i) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include… (d) ensuring the safety and proper maintenance of all government assets under his care;…" "

Audit observed that:

i. The environment of National Broadcasting Commission - Ibadan Station was in deplorable condition due to poor maintenance by the Commission.
ii. The Office Apartments, at the time of inspection on July 23rd, 2023, were near collapse and highly risky for the occupation, and
iii. The Management attention to this development had earlier been drawn to this in previous checks but was not addressed.

The above anomalies could be attributed to weakness in the internal control in the National Broadcasting Commission, Abuja

Risks
i. Weak Internal Control system.
ii. Risk of exposing staff to avoidable hazards.

Management's Response
The Commission has engaged a consultant to carry out a holistic integrity test on the building, while the zonal office is currently searching for alternative office accommodation for the Zonal Office.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations:
The Director General should be requested to:
i. Provide to the Public Accounts Committees of the National Assembly report from the consultant engaged to carry out a holistic integrity test on the Ibadan station office building as claimed.
ii. Provide evidence of alternative office accommodation as well as the outcome of actions taken on the building to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, apply sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

NATIONAL BROADCASTING COMMISSION, ABUJA

At the National Broadcasting Commission, Abuja, for the period ended 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: DUPLICATION OF PAYMENTS (=₦47,900,868.19)

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. Twelve (12) transactions amounting to ₦47,900,868.19 (Forty seven million, nine hundred thousand, eight hundred and sixty eight naira, nineteen kobo) was made from the Corporation's REMITA outflow statement, between January and December 2023.

ii. The payments, which were for DTA, supply of goods and services, medical/financial assistance, etc., were made to six (6) beneficiaries for the same purpose
iii. The six (6) payments in (ii) above were duplicated resulting to twelve (12) transactions with the amount in (i) above.
iv. There were no verifiable documents or records showing evidence of reversal or refunds of the duplicated payments to the government coffers, and
v. There was no evidence that the duplicate payments were used for their intended purpose.

The above anomalies could be attributed to weaknesses in the internal control system at the National Broadcasting Commission, Abuja.

Risks

i. Diversion of government fund.
ii. Payments for goods and services not rendered.
iii. Loss of government funds.

Management's Response

Please find attached herewith evidence of refund of the double payment. However, the duplication was caused by system failure during upload.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the duplicated payments amounting to ₦47,900,868.19 (Forty seven million, nine hundred thousand, eight hundred and sixty eight naira, nineteen kobo) without evidence of refund.
ii. Recover and remit to the Treasury, the sum of ₦47,900,868.19.
iii. Forward evidence of refund 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: IRREGULAR PAYMENT TO CONTRACTOR (=₦21,178,335.98)

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…” 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 net sum of ₦444,745,055.39 was due for payment as second instalment of 25% and while another net sum of ₦444,745,055.39 was due for payment as the third and final instalment of 25% in respect of the contract for the Provision of Satellite Services for the Digital Switch Over (DSO) Service, rendered to the Commission.
ii. The total payment due to the contractor was supposed to be ₦889,490,110.78 (Eight hundred and eighty nine million, four hundred and ninety thousand, one hundred and ten naira, seventy eight kobo) after deducting all the taxes.
iii. The two payments made were ₦455,334,223.38 and ₦455,338,223.38 totaling ₦910,668,446.76 (Nine hundred and ten million, six hundred and sixty eight thousand, four hundred and forty six naira, seventy six kobo).
iv. The amount in (iii) above was paid to the company through the GIFMIS payment platform, and
v. The difference between the amounts in (ii) and (iii) above was ₦21,178,335.98 (Twenty one million, one hundred and seventy eight thousand, three hundred and thirty five naira, ninety eight kobo), being the amount overpaid to the contractor.

The above anomalies could be attributed to weaknesses in the internal control system at the National Broadcasting Commission, Abuja.

Risks

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

Management’s Response

There was never any diversion of Contractor’s payment into the Commission’s account, rather the payment made to New skies Satelite B.V (SES) for the provision of satelite services for DSO project in Nigeria failed and the money was credited back to the Commission’s TSA account. Please see attached Request by the Commission to the Office of the Accountant General of the Federation to open a Naira Transit Account with the CBN which enables the Commission to make Installmental Payment of New Skies Satelite B.V for Services rendered in Dollars.

Auditor’s Evaluation

The Management’s response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦21,178,335.98 (Twenty one million, one hundred and seventy eight thousand, three hundred and thirty five naira, ninety eight kobo), being over-payment to contractor.
ii. Recover and remit the sum of ₦21,178,335.98 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: UNSUBSTANTIATED PAYMENTS FOR FOREIGN TRAVELS (=₦176,293,340.00)

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…" 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 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 ₦176,293,340.00 (One hundred and seventy six million, two hundred and ninety three thousand, three hundred and forty naira) was paid to the Director General, staff, and board members of the commission as estacode and ticket allowance for international travels to attend conferences, training, etc. in 2023.
ii. The trips were made without the approval of the office of the Head of the Civil Service of the Federation or the Secretary to the Government of the Federation, and
iii. Relevant documentary evidence such as invitation letter for the conferences and trainings, stamped page of the international passport/visa page by customs and immigration office, boarding passes, certificates of attendance, receipts for the payment of VISA fees, etc., to justify that the officers embarked on the trip, were not attached to the paid vouchers presented for audit.

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

Risks

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

Management's Response

Please find attached herewith photocopies of the beneficiaries international passport and VISA.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦176,293,340.00 (One hundred and seventy six million, two hundred and ninety three thousand, three hundred and forty naira) being unsubstantiated payment for foreign travels.
ii. Recover and remit to the Treasury, the sum of ₦176,293,340.00
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) should apply.

ISSUE 4: UNDER PERFORMANCE OF REVENUE BUDGET (=₦5,350,460,898.00)

Description of Findings

Paragraph 112 (I) of the Financial Regulations (2009) states, "The Functions of the Accounting Officer shall include:…. (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. The National Assembly's approved revenue target for the Commission in the year 2023 was ₦7,447,519,553.62 (Seven billion, four hundred and forty seven million, five hundred and nineteen thousand, five hundred and fifty three naira, sixty two kobo).
ii. The sum of ₦2,681,863,965.67 (Two billion, six hundred and eighty one million, eight hundred and sixty three thousand, nine hundred and sixty five naira, sixty seven kobo) was generated for that year.

iii. This resulted to 63.99% underperformance in revenue of ₦4,765,655,587.95 (Four billion seven hundred and sixty five million six hundred and fifty five thousand five hundred and eighty seven naira ninety five kobo), and
iv. Part of the reason for the underperformance in revenue generation by the Commission, was due to its failure in recovering its outstanding liabilities amounting to ₦5,350,460,898.00 (Five billion, three hundred and fifty million, four hundred and sixty thousand, eight hundred and ninety eight naira).

The above anomalies could be attributed to weaknesses in the internal control system at the National Broadcasting Commission, Abuja.

Risks
i. Loss of Government revenue.
ii. Difficulty in funding the budget.

Management's Response
This was largely due to several litigation's instituted by NGOs, challenging the powers of the Commission to fine some Radio and Televisions Stations in Nigeria (See attached). Request for consent of the Hon. Attorney General of the Federation to engage the external Solicitors Babatunde Ogala & Co. In the suit No: FHC/ABJ/CS/1386/2021 AND FHC/ABJ/CS/1725/2022 incorporated Trustees of Media Rights Agenda VS NBC.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Director General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the reason for the under-performance of revenue amounting to ₦5,350,460,898.00 (Five billion, three hundred and fifty million, four hundred and sixty thousand, eight hundred and ninety eight naira).
ii. Recover and remit to the Treasury, the sum of ₦5,350,460,898.00 being outstanding liabilities owed by clients.
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: UNRETIRED CASH ADVANCES (=₦48,745,377.26)

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." Similarly, 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. Fifty three (53) non-personal advances amounting to ₦48,745,377.26 (Forty eight million, seven hundred and forty five thousand, three hundred and seventy seven naira twenty six kobo) were granted to some officers of the commission to provide refreshment for hosting of meeting, refilling of the commission's dispenser and to purchase stationery for office use in 2023, and
ii. Evidence of the retirement of these cash advances were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Broadcasting Commission, Abuja.

Risks

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

Management's Response

Non-Retirement of cash advances as at 31/12/2023 was ₦2,952,778.26 as per the attached and not ₦48,745,377.26. However, efforts are going to ensure that all advances are retired promptly.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦48,745,377.26 (Forty eight million, seven hundred and forty five thousand, three hundred and seventy seven naira, twenty six kobo), being unretired cash advances.
ii. Recover and remit the sum of ₦48,745,377.26 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to retire cash advances and irregular payments specified in paragraphs 3124 and 3106 of the Financial Regulations (2009) respectively, should apply.

NATIONAL FILM AND VIDEO CENSOR'S BOARD (NFVCB), ABUJA

At the National Film and Video Censor's Board (NFVCB), Abuja, for the period 1st January to 31st December, 2022, the following observations were made:

ISSUE 1: QUESTIONABLE AND FICTITIOUS PAYMENTS BY THE BOARD (=₦8,181,850.00)

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 Executive Director and some staff members of the board submitted duplicate travel claims totaling ₦8,181,850.00 (Eight million, one hundred and eighty one thousand, eight hundred and fifty naira) which were made via five (5) paid vouchers.
ii. The Executive Director and the other staff claimed to be in different locations at the same period, and
iii. Evidence of travel documents to substantiate the journeys were not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB), Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,181,850.00 (Eight million, one hundred and eighty one thousand, eight hundred and fifty naira), being payment for fictitious travel by the Board.
ii. Recover and remit the sum of ₦8,181,850.00 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 in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 2: UNACCOUNTED PAYMENTS (=₦47,524,891.00)

Description of Findings

Paragraph 112 (f) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…" 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. A total of ₦47,524,891.00 (Forty seven million, five hundred and twenty four thousand, eight hundred and ninety one naira) was paid to the Executive Director for different purposes.
ii. The payments in (i) above included travel costs for other staff who travelled with the Executive Director (ED) without evidence to validate the travel.
iii. Also, included in the payment in (i) above was the sum of ₦260,000.00 (Two hundred and sixty thousand naira) for the 2021 French-Nigeria conference, without evidence of attendance by the ED.
iv. The Executive Director also received some items, such as 150 units of Infinix hot 12i and Intel pro A 58 phones through some projects, which were meant for distribution to some beneficiaries but without evidence of distribution, and no acknowledgement of receipt of the items by the intended beneficiaries, and
v. The Executive Director incurred some expenditures for birthday celebrations, weddings, etc, without providing verifiable evidence to show that government derived any value for such expenses.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB), Abuja.

Risks

i. Diversion of public 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 Executive Director/CEO should be requested to;

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦47,524,891.00 (Forty seven million, five hundred and twenty four thousand, eight hundred and ninety one naira), being unaccounted payments.
ii. Recover and remit to the Treasury, the sum of ₦47,524,891.00.
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 3: OMISSION OF MOTOR VEHICLES FROM THE FIXED ASSETS REGISTER

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. Seven (7) government motor vehicles recorded in the 2022 motor vehicle list were not included in the Board's Fixed Asset Register as shown in the Table below.

S/N	USER	VEHICLE BRAND	REGISTRATION NO	LOCATION
1	POOL	TOYOTA HIACE	13G41FG	ABUJA
2	POOL	TOTOYA HIACE	13G17FG	ABUJA
3	OPERATION	TOYOTA HIACE	13G09FG	IBADAN
4	OPERATION	KIA TRUCK	13G45FG	KANO
5	ZONAL CORDINATOR LAGOS	KIA TRUCK	13GFG46	LAGOS
6	EXECUTIVE DIRECTOR	NISSAN QASHQAI	13G21FG	LAGOS
7	EXECUTIVE DIRECTOR	FORD EXPLORER JEEP	13G26FG	ABUJA

ii. A Ford Explorer Jeep which was physically sighted in the Abuja office was also omitted from both the fixed asset register and vehicle list for year 2022 submitted for audit review, and
iii. Two (2) of the motor vehicles in (i) above, allocated to the Executive Director, were also omitted from the Fixed Assets Register of the year 2021 as shown in the Table below:

USER	VEHICLE BRAND	REGISTRATION NO	LOCATION
POOL	TOYOTA HIACE	13G41FG	ABUJA
POOL	TOTOYA HIACE	13G17FG	ABUJA
OPERATION	TOYOTA HIACE	13G09FG	IBADAN
OPERATION	KIA TRUCK	13G45FG	KANO
ZONAL CORDINATOR LAGOS	KIA TRUCK	13GFG46	LAGOS
EXECUTIVE DIRECTOR	NISSAN QASHQAI	13G21FG	LAGOS
EXECUTIVE DIRECTOR	FORD EXPLORER JEEP	13G26FG	ABUJA

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks
i. Conversion of public asset for personal use.
ii. Loss of government assets.

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 Director/CEO should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the omissions of motor vehicles from the fixed asset register, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 4: IRREGULARITIES IN THE AWARD AND EXECUTION OF CONTRACT (=₦3,300,225.00)

Description of Findings
Section 24(1) of the Public Procurement Act (PPA) (2007) states, "Except as provided for in this Act, all procurement of goods and works by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 51(6) of the PPA (2007) states, "The successful proposals shall be: (a) the proposals with the best combined evaluation in terms of the criteria established under subsection (1) of this Section from price in the case of quality and cost-based selection; (b) the proposals with the lowest price in the case of least-cost selection."

Audit observed that:

i. The Board awarded a contract to a company for the renovation and painting of the dilapidated National Film and Video Censor's Board (NFVCB) Headquarters Office Fence for ₦3,300,225.00 (Three million, three hundred thousand, two hundred and twenty five naira).
ii. The Job Order was issued on 23rd August, 2022 while the approval of the Executive Director to award the contract was on 5th October, 2022. Thus, the contract was awarded about three months before the approval.
iii. The Job Completion Certificate was dated 1st September, 2022, almost one month before the approval to award the contract on 5th October, 2022. This means the job was completed before the contract was awarded, and
iv. The payment was made on 14th September, 2022.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Payment for unexecuted contract.
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 Director/CEO should be requested to:

i. Account to Public Accounts Committees of the National Assembly, the sum of ₦3,300,225.00 (Three million, three hundred thousand, two hundred and twenty five naira), being payment for irregular award and execution of contract.
ii. Recover and remit the sum of ₦3,300,225.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 5: IRREGULARITIES IN THE EXECUTION AND PAYMENT OF CONTRACT (=₦15,938,250.00)

Description of Findings

Section 58 (9) of the Public Procurement Act (PPA) (2007) states, "Collusion shall be presumed from a set of acts from which it can be assumed that there was an understanding, implicit, formal or informal, overt or covert under which each person involved reasonably expected that the other would adopt a particular course of action which would interfere with the faithful and proper application of the provisions of this

Act." 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 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 management of the Board awarded a contract, for the provision of various items, as Strategic Empowerment of Youths in Kano State to a company at a contract price of ₦15,938,250.00 (Fifteen million, nine hundred and thirty eight thousand, two hundred and fifty naira).
ii. The Executive Director gave approval for an additional payment to the contractor, without evidence of delivery of the items, having initially made an advance payment of ₦4,183,234.65 (Four million, one hundred and eighty three thousand, two hundred and thirty four naira, and sixty five kobo), and
iii. The items were eventually received by a non-store officer without evidence of distribution of the items to the intended beneficiaries.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Items might not get to the intended 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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,938,250.00 (Fifteen million, nine hundred and thirty eight thousand, two hundred and fifty naira), being irregularities in the execution and payment of contract.
ii. Recover and remit to the Treasury the sum of ₦15,938,250.00.
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 manage public funds effectively, specified in paragraphs 3104 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: PAYMENTS FOR FOREIGN TRAVELS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦32,166,919.00)

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 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 ₦32,166,919.00 (Thirty two million, one hundred and sixty six thousand, nine hundred and nineteen naira) was paid for five (5) different foreign travels, and
ii. Relevant supporting documents such as travel itinerary, tickets, boarding records, reports on training and other conferences were not attached for audit scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:

i. Account to Public Accounts Committees of the National Assembly, the sum of ₦32,166,919.00 (Thirty two million, one hundred and sixty six thousand, nine hundred and nineteen naira), being payment for foreign travel without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦32,166,919.00.
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 account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: PAYMENT FOR FOREIGN TRAVELS WITHOUT APPROPRIATE APPROVAL (=₦32,166,919.00)

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 ₦32,166,919.00 (Thirty two million, one hundred and sixty six thousand, nine hundred and nineteen naira) was paid to the Executive Director and other staff of the Board for foreign trips, and
iii. Evidence of approvals from the Head of the Civil Service of the Federation as required by extant regulations were not provided for audit scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Diversion of public funds.
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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,166,919.00 (Thirty two million, one hundred and sixty six thousand, nine hundred and nineteen naira), being payment for foreign travel without approval.
ii. Recover and remit to the Treasury the sum of ₦32,166,919.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to wrong and irregular payment specified in paragraph 3109 of the Financial Regulations (2009) should apply.

ISSUE 8: OVERPAYMENT OF ESTACODE (=₦5,560,625.00)

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

Audit observed that:

i. The sum of ₦8,753,500.00 (Eight million, seven hundred and fifty three thousand, five hundred naira) was paid to some staff of the Board during the year 2022 as Estacode allowances.
ii. The actual amount due to staff based on the number of days required for the programs, which was three (3) days, was ₦3,192,875.00 (Three million, one hundred and ninety two thousand, eight hundred and seventy five naira), and
iii. The payment of the amount in (i) above resulted in a difference of ₦5,560,625.00 (Five million, five hundred and sixty thousand, six hundred and twenty five naira), being overpayment of estacode.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Diversion of public funds.
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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,560,625.00 (Five million, five hundred and sixty thousand, six hundred and twenty five naira), being over-payments of estacode allowance to staff.
ii. Recover and remit to the Treasury, the sum of ₦5,560,625.00.
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 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 9: DOUBTFUL PAYMENT FOR CONSULTANCY SERVICES (=₦183,944,343.50)

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 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…" 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." 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. Eight (8) contracts for consultancy services amounting to ₦183,944,343.50 (One hundred and eighty three million, nine hundred and forty four thousand, three hundred and forty three naira, fifty kobo) were awarded by the Board to different contractors.
ii. The consultancy contracts involved the procurement of phones, fabrics, wheelchairs, etc., for distribution to some beneficiaries while some aspects were for training.
iii. There was no verifiable evidence to support the procurement of the items in (i) above as well as their distribution before payments were made, and
iv. Evidence such as attendance sheets, detailed program of events, payment of honorarium to resource persons and pictorial evidence to substantiate the performance of the various empowerment contracts where not attached to the payment vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Diversion of public funds.
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 Executive Director/CEO should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦183,944,343.50 (One hundred and eighty three million, nine hundred and forty four thousand, three hundred and forty three naira, and fifty kobo), being payment for consultancy services without evidence of execution.
ii. Recover and remit the sum of ₦183,944,343.50 to the Treasury .
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for job not executed and irregular payment specified in paragraphs 3104 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 10: OVER-PAYMENT TO CONTRACTORS (=₦19,801,764.40)

Description of Findings
Paragraph 415 of the Financial Regulations (FR) (2009) requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Furthermore, paragraph 412 FR (2009) states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" Similarly, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The Board awarded contracts and paid the sum of ₦180,525,880.50 (One hundred and eighty million, five hundred and twenty five thousand, eight hundred and eighty naira, and fifty kobo) to eight (8) contractors.
ii. The contract sum in (i) above, included 5% withholding tax and 1% stamp duty totaling ₦19,801,764.40 (Nineteen million, eight hundred and one thousand, seven hundred and sixty four naira, forty kobo) thereby making the tax burden to be borne by the government instead of the contractors, and
iii The action in (ii) above resulted to over-payment to the contractor by ₦19,801,764.40 (Nineteen million, eight hundred and one thousand, seven hundred and sixty four naira, forty kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks
i. Contract Inflation.
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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,801,764.40 (Nineteen million, eight hundred and one thousand, seven hundred and sixty-four naira, and forty kobo), being over-payment to Contractors.
ii. Recover and remit to the Treasury, the sum of ₦19,801,764.40.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed specified in paragraph 3104 (iii) of the Financial Regulations (2009) should apply.

ISSUE 11: IRREGULARITIES IN THE AWARD AND PAYMENT FOR CONSULTANCY SERVICE ON NATIONAL AQUACULTURE DATA MANAGEMENT (=₦229,562,150.00)

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." Also, section 16 (6) of the Public Procurement Act (2007) states, "All bidders in addition to requirements contained in any solicitation documents shall: … (b) possess the legal capacity to enter into the procurement contract…"

Audit observed that:

i. A contract for the training of young graduates nationwide on National Aquaculture Data Management amounting to ₦229,562,150.00 (Two hundred and twenty nine million, five hundred and sixty two thousand, one hundred and fifty naira) was awarded to a Contractor.
ii. The initial contract sum was ₦248,595,589.53 but was later reviewed down to ₦223,362,352.50 by BPP due to what it described as "quoting of unreasonably high rate by the consultant".
iii. Despite the reduction and approval in (ii), the management of the Board, still awarded the contract at the sum of ₦229,562,150.00 instead of ₦223,362,352.50 recommended by the BPP.
iv. The training attendance records attached to the PV showed that the training started on 7th March, 2022 which was before the contract was awarded.

v. The acceptance performance bond issued was dated 14th March, 2022 which was before the contract was awarded.
vi. The only visuals attached to the PVs were those of the staff, while that of the young graduates being trained were neither attached nor provided for audit scrutiny.
vii. Evidence of different fish farms, names of the trainees (the young graduates), their addresses and contact numbers were not provided for audit.
viii. Evidence of payments to the young graduates and to vendors could not be verified, and
ix. The evidence of certification from the Centre for Management Development to the consultant to offer these training services to the government was also not provided.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦229,562,150.00 (Two hundred and twenty nine million, five hundred and sixty two thousand, one hundred and fifty naira), being irregular award and payment for consultancy services.
ii. Recover and remit the sum of ₦229,562,150.00 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 and irregular award of contract, specified in paragraphs 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

ISSUE 12: UNACCOUNTED PAYMENT FOR REIMBURSABLE EXPENSES (=₦192,270,400.00)

Description of Findings
Paragraph 112 (f) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…" 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. A contract at the sum of ₦229,562,150.00 (Two hundred and twenty nine million, five hundred and sixty two thousand, one hundred and fifty naira) was awarded to a company for the National Aquaculture Data Management/Training of young graduates.
ii. Included in the contract sum in (i) above, was the sum of ₦192,270,400.00 (One hundred and ninety two million, two hundred and seventy thousand, four hundred naira) for reimbursable expenses, and
iii. The Management of the Board made full payment of the contract sum without providing any verifiable evidence of how the ₦192,270,400.00 for reimbursable was utilized and retired.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦192,270,400.00 (One hundred and ninety two million, two hundred and seventy thousand, four hundred naira), being unaccounted payment for reimbursable expenses.
ii. Recover and remit the sum of ₦192,270,400.00 to the Treasury.
iii. Forward the 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 13: UNDER REMITTANCE OF INTERNALLY GENERATED REVENUE (IGR) (=₦14,225,405.96)

Description of Findings

Paragraph 1(ii) of the Federal Treasury Circular with reference number FMFBNP/OTHERS/IGR/CFR/12/2021 dated 20th December, 2021, states, "All partially funded Federal Government Agencies/ Parastatals (receiving Capital or overhead allocation from the Federal Government Budget) should limit their annual budgetary expenditure from their Internally Generated Revenue (IGR) to not more than 50% (fifty percent) of their gross IGR and remit 100% (hundred percent) of the remaining 50% (fifty percent) to the Sub-Recurrent Account. All statutory revenue line like tender fees, contractor's registration fees etc should be remitted 100%." Also, paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include:…(l) ensuring that any revenue collected are not spent, but remitted to the appropriate authorities promptly." Similarly, section 22(2) of the Fiscal Responsibility Act (2007) states, "The balance of the operating surplus shall be paid into the Consolidated Revenue Fund of the Federal Government not later than one month following the statutory deadline for publishing each corporation's accounts."

Audit observed that:

i. The sum of ₦112,215,579.08 (One hundred and twelve million, two hundred and fifteen thousand, five hundred and seventy nine naira, and eight kobo) was realized as internally generated revenue for the year 2022.

ii. The sum of ₦13,828,488.81 (Thirteen million, eight hundred and twenty eight thousand, four hundred and eighty eight naira, eighty one kobo) was remitted to the Consolidated Revenue Fund by the Board instead of 25% of the IGR in (i) above which amounts to ₦28,053,894.77 (Twenty eight million, fifty three thousand, eight hundred and ninety four naira, seventy seven kobo)

iii The sum remitted in (ii) above resulted in under-remittance of ₦14,225,405.96 (Fourteen million, two hundred and twenty five thousand, four hundred and five naira, ninety six kobo) as shown in the Table below.

MONTH	REVENUE	EXPENDITURE	NET REVENUE	EXPECTED 25% REMITTANCES	25% REMMITTANCES	UNDER-REMITTANCE OF REVENUE
JANUARY	9,250,447.45	3,644,767.40	5,605,680.05	2,312,611.86	2,141,642.56	170,969.30
FEBRUARY	7,456,200.00	12,812,936.00	- 5,356,736.00	1,864,050.00	1,809,050.00	55,000.00
MARCH	9,319,157.50	8,792,958.16	526,199.34	2,329,789.38	2,329,789.38	- 0.00
APRIL	7,735,661.25	6,735,323.60	1,000,337.65	1,933,915.31	1,964,115.31	- 30,200.00
MAY	5,334,550.00	5,471,843.79	- 137,293.79	1,333,637.50	1,333,637.50	-
JUNE	17,001,016.25	4,080,917.30	12,920,098.95	4,250,254.06	4,250,254.06	0.00

JULY	12,565,416.63	24,334,701.21	- 11,769,284.58	3,141,354.16	-	3,141,354.16
AUGUST	8,992,500.00	6,168,751.11	2,823,748.89	2,248,125.00	-	2,248,125.00
SEPTEMBER	10,600,350.00	10,035,309.72	565,040.28	2,650,087.50	-	2,650,087.50
OCTOBER	9,341,668.75	6,208,345.65	3,133,323.10	2,335,417.19	-	2,335,417.19
NOVEMBER	8,178,950.00	13,819,405.58	- 5,640,455.58	2,044,737.50	-	2,044,737.50
DECEMBER	6,439,661.25	1,849,216.20	4,590,445.05	1,609,915.31	-	1,609,915.31
TOTAL	**112,215,579.08**	**103,954,475.72**	**8,261,103.36**	**28,053,894.77**	**13,828,488.81**	**14,225,405.96**

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Inability of the Government to fund budgets.
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 Executive Director/CEO of the Board should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,225,405.96 (Fourteen million, two hundred and twenty five thousand, four hundred and five naira, ninety six kobo), being under remittance of 2022 IGR.
ii. Recover and remit the sum of ₦14,225,405.96 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 14: IRREGULARITIES IN THE PAYMENT OF ZONAL OFFICE RENT (=₦4,800,000.00)

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." Similarly, paragraph 1405 of the FR (2009)

states, ”Accounting Officers are responsible for ensuring the prompt repayment of all advances by instalments or otherwise.”

Audit observed that:

i. The sum of ₦2,400,000 (Two million, four hundred thousand naira) was paid as cash advance to a staff for Southeast Zonal Office rent.
ii. The amount in (i) above could not be traced to the Advance Ledger and Register.
iii. Another cash advance payment of ₦2,400,000 (Two million, four hundred thousand naira), for the same rent, was made and registered in the Advance Register but was not retired.
iv. There were no explanations for the duplication of payment for rent amounting to ₦4,800,000 (Four million eight hundred thousand naira), and
v. Reasons for the improper documentation of advances and payment for rent through advances instead of direct payment to the Landlord could not be justified.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor’s Board (NFVCB) Abuja.

Risks

i. Diversion of public funds.
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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,800,000.00 (Four million, eight hundred thousand naira), being irregular payment for zonal rent.
ii. Recover and remit the sum of ₦4,800,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 15: IRREGULAR PAYMENTS TO A TRAVEL AGENT (=₦13,007,331.65)

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. Four (4) payments totaling ₦13,007,331.65 (Thirteen million, and seven thousand, three hundred and thirty one naira, sixty five kobo) were made to a travel agent as shown in the Table below:

S/N	DATE	DESCRIPTION	AMOUNT (₦)
1	29/03/2022	BEING ADDITIONAL EXPENSES TO PLAN FOR 2022 NIGERIA FILM DAY WITH THE NIGERIAN HIGH COMMISSION IN JAMAICA - ERGP 9152315	947,524.00
2	29/03/2022	BEING PAYMENT TO FACILITATE FOR PROPOSAL FOR CONFERENCE ON CINEMACON EMERGING MARKET CODE NO. ERGP 152272	852,771.60
3	29/03/2022	BEING PAYMENT OF RENT OF 2021-2022 AS PART PAYMENT	6,124,186.05
4	NFVCB/HQ/CAP/224/2022 DATED 22ND JULY, 2022	TORONTO INTERNATIONAL FILM FESTIVAL CANADA	5,082,850.00
	Total		**13,007,331.65**

ii. None of the payments in (i) above was related to travel services, and

iii. Relevant supporting documents for the payments were neither attached to the payment records nor provided for review.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Diversion of government fund.

ii. Loss of public 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 Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,007,331.65 (Thirteen million, seven thousand, three hundred and thirty one naira, and sixty five kobo), being irregular payments to a travel agent.

ii. Recover and remit the sum ₦13,007,331.65 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 16: PAYMENTS FOR CONTRACTS OUTSIDE THE BOARD'S MANDATE (=₦87,420,020.00)

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." Also, section 10 (3) of the National Film and Video Censors Board Act (1993) states, "The fund shall be managed in accordance with rules made by the Minister and without prejudice to the generality of the power to make rules under this subsection, the rules shall in particular contain provisions (a) specifying the manner in which the assets of the fund of the Board are to be held and regulating the making of payments into and out of the fund…"

Audit observed that:

i. The management of the Board approved and executed contracts such as consultancy for support to vulnerable students, youth empowerment, sensitization and capacity building for women etc., which were not part of the Board's mandate, totaling ₦87,420,020.00 (Eighty seven million, four hundred and twenty thousand, and twenty naira), and
ii. Relevant supporting documents to show proof of execution of the contracts were not attached to the payment records.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Payment for work not done.
ii. Diversion of government 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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦87,420,020.00 (Eighty seven million, four hundred and twenty thousand, and twenty naira), being payment for contracts outside the Board's mandate.
ii. Recover and remit the sum of ₦87,420,020.00 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 gross misconduct specified in paragraphs 3104(iii) and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 17: IRREGULAR AWARD OF CONTRACT FOR STRATEGIC EMPOWERMENT ON FILM MORALITY IN KWARA STATE (=₦25,467,575.00)

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."

Audit observed that:

i. The contract for Strategic Empowerment on Film Morality in Kwara State was awarded to a company for ₦25,467,575.00 (Twenty five million, four hundred and sixty seven thousand, five hundred and seventy five naira).
ii. Relevant supporting documents such as evidence of due process for the award of the contract, placement of adverts for expression of interest in National Dailies and Tender Journals, prequalification of contractors, Evaluation of bids by the Bid Evaluation Committee, Tender's Board approval, etc. was not attached to the paid voucher.
iii. Information such as the date for the empowerment program, evidence of executions, etc. was neither attached to the records nor provided for audit. The award letter specified a three (3) day duration for the contract execution; however, the cost estimate was computed based on six-month duration, and
iv. Evidence from the cash book revealed that the advance payment was made on 15th July, 2022 before the approval of the Chief Executive on 17th July, 2022, despite the non-confirmation of the Advance Payment Guarantee (APG), as the APG was accepted based on conditions.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦25,467,575.00 (Twenty five million, four hundred and sixty seven thousand, five hundred and seventy five naira), being irregular award of contract.
ii. Recover and remit the sum of ₦25,467,575.00 to the Treasury.
iii. Forward the 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 18: PAYMENTS WITHOUT EVIDENCE OF EXECUTION (=₦51,792,812.00)

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. 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." 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 Board awarded the contract of consultancy to a company for Sensitization and Capacity Building for Rural Women on Post COVID Business for the sum of ₦51,792,812.00 (Fifty one million, seven hundred and ninety two thousand, eight hundred and twelve naira).
ii. The attached quotation of the consultant showed payments for several doubtful and unaccounted expenditures for which evidence of execution was not provided for examination, and
iii. Phases I and II of the projects were not supported with evidence to authenticate the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦51,792,812.00 (Fifty one million, seven hundred and ninety two thousand, eight hundred and twelve naira), being payment without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦51,792,812.00.
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 irregular payment specified in paragraphs 3104 and 3106 of the Financial Regulations (2009) respectively, should apply

ISSUE 19: IRREGULAR PAYMENT OF CONTRACT (=₦1,123,650.00)

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 Board awarded and paid for two (2) separate Job Orders to a company for the Supply of Office Items valued at ₦1,123,650.00 (One million, one hundred and twenty three thousand, six hundred and fifty naira).
ii. From the SRV, the payment was made before the contractor`s invoice and before the delivery of the items, and
iii. The payment was also made without the approval of the Executive Director.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,123,650.00 (One million, one hundred and twenty three thousand, six hundred and fifty naira), being irregular payment of contract.
ii. Recover and remit to the Treasury the sum ₦1,123,650.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 20: IRREGULAR RELEASE OF STAFF TO SERVE AS A LEGISLATIVE AIDE

Description of Findings
Paragraph 020502 of the Public Service Rules (2021) states, "The following procedures shall apply in processing inter-service transfer and secondment:

i. Applications for Transfer/Secondment to posts graded GL06 and below shall be determined by the Ministry/Extra-Ministerial Office of the applicant's choice.
ii. That applicant for Transfer/Secondment to post graded GL 07 - 10 in and Ministry/Extra-Ministerial Office shall be determined by the Federal Civil Service Commission. Since GL 07 - 10 is an entry point, Officers seeking transfer from scheduled establishments are required to sit for the Annual Competitive Civil Service Entry Examination.
iii. Confidential reports covering the last three years (or whole service if less than three years) of the officer's service shall be furnished.
iv. 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.
v. If it is in the public interest to second an officer to the service of another Government, approved body or recognized International Organisation, the period of secondment shall not be limited and the officer shall continue to hold his substantive post and be entitled to increment and promotion and will be treated as having been posted on special duty.
vi. During the period of such Secondment the benefiting organization shall be responsible for the officer's personal emoluments.''

Audit observed that:

i. A staff of the Board was deployed to serve as legislative aide to a member of the House of Representatives. There was no evidence that the officer made any application for transfer or secondment of service as stated in the Public Service Rules.
ii. The request for deployment of the officer as legislative aide was made by an Honourable Member vide a letter addressed to the Director-General of the National Film and Video Censor's Board (NFVCB) dated 23rd February, 2016. This request neither indicated a transfer of service nor a secondment.
iii. The deployment was determined by the Board, while the Officer in question was on Grade Level 12, a situation which should have been determined by the Federal Civil Service Commission.
iv. The deployment of the officer also violated the approved tenure of a maximum of 2 years in the first instance for secondment, as the officer was almost eight (8) years at the time of this report, without any appropriate approval, and
v. The officer was still on the Board's payroll while on secondment, which implies he is collecting salary from two sources.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Payment for work not done, and
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 Executive Director/CEO should be requested to;

i. Account to the Public Accounts Committees of the National Assembly, all salaries and allowances paid by the Board to the officer since his deployment.
ii. Recover and remit to the Treasury, all salaries and allowances paid by the Board to the officer since he joined the National Assembly.
iii. Forward evidence of remittance particulars 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 21: IRREGULARITY IN THE PAYMENTS FOR CLEANING SERVICES (=₦13,440,000.00)

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 board engaged the services of a company for cleaning of the board’s headquarters at Abuja, and its zonal office in Lagos for ₦1,120,000.00 (One million, one hundred and twenty thousand naira) monthly.
ii. The payment in (i) above amounted to ₦13,440,000 (Thirteen million, four hundred and forty thousand naira) for the period of twelve (12) months, and
iii. The request for payments made to the company were done by a staff of the Board without a job completion certificate and they were usually made before the contractor submit invoices or in the middle of the month.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor’s Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,440,000.00 (Thirteen million, four hundred and forty thousand naira), being irregular payments for cleaning services.
ii. Recover and remit to the Treasury, the sum of ₦13,440,000.00.
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 22: IRREGULARITY IN CONTRACT EXECUTION (=₦4,031,250.00)

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 Store keeper must certify that the stores have been received and taken on charge in the stores Ledger quoting the stores receipt vouchers number and attaching the original copy of the store Receipt Voucher to the Original L.P.O." Furthermore, paragraph 603(i) of the FR (2009) states, "All vouchers shall contain full particulars of each service. such as dates. numbers. quantities. distances and rates. so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices. special letters of authority, time sheets. etc."

Audit observed that:

i. The board engaged a company for the printing and supply of 150 reams of National Film and Video Censor's Board (NFVCB) censorship and classification log sheets for the sum of ₦4,031,250.00 (Four million, thirty one thousand, two hundred and fifty naira).
ii. The request for payments based on job completion was submitted by the company on 11th November, 2022 (3 days after the Job Order was issued).
iii. The items were delivered on 15th November, 2022 and received on the same day at the Board using an SRV, and
iv. The action in (ii) above implies that request for payment was made four (4) days before the contract was delivered.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Payment for job not done.
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.

Recommendations

The Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦4,031,250.00 (Four million, and thirty one thousand, two hundred and fifty naira) being irregular contract execution.
ii. Recover and remit to the Treasury, the sum of ₦4,031,250.00.

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 23: PAYMENTS WITHOUT APPROVAL OF THE ACCOUNTING OFFICER (=₦10,248,486.50)

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…" Furthermore, paragraph 611 of the FR (2009) states, "A Sub-Accounting Officer may not make payment against a voucher unless: (a) It is certified for payment by the officer who is authorised to do so…(c) It is not more than three months since the voucher was signed by officer controlling expenditure…" 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. Two (2) payments amounting to ₦10,248,486.50 (Ten million, two hundred and forty eight thousand, four hundred and eighty six naira, fifty kobo) were made to two (2) contractors for services rendered to the Board, and
ii. The payments were made without the approval of the Executive Director.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,248,486.50 (Ten million, two hundred and forty eight thousand, four hundred and eighty six naira, fifty kobo), being payment without the approval of the Accounting Officer.
ii. Recover and remit to the Treasury, the sum of ₦10,248,486.50.

iii. Forward evidence of remittance to 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 24: PAYMENTS BEFORE THE APPROVAL OF THE ACCOUNTING OFFICER (=₦23,178,116.10)

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…" Furthermore, paragraph 611 of the FR (2009) states, "A Sub-Accounting Officer may not make payment against a voucher unless: (a) It is certified for payment by the officer who is authorised to do so…(c) It is not more than three months since the voucher was signed by officer controlling expenditure…" 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. Payments totaling ₦23,178,116.10 (Twenty three million, one hundred and seventy eight thousand, one hundred and sixteen naira, ten kobo) were made vide two (2) paid vouchers on 8th July, 2022 to two (2) contractors for services rendered to National Film and Video Censors Board, and
ii. The payments in (i) above were made before the approval of the Executive Director.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB), 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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦23,178,116.10 (Twenty three million, one hundred and seventy eight thousand,

one hundred and sixteen naira, ten kobo), being payment before the approval of the Chief Executive Officer.

ii. Recover and remit to the Treasury the sum of ₦23,178,116.10.

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 25: EXTRA BUDGETARY EXPENDITURES: (=₦3,009,819.57)

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 specified 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." 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 Board spent the sum of ₦10,190,445.57 (Ten million, one hundred and ninety thousand, four hundred and forty five naira, fifty seven kobo) on Legal fees.

ii. The budgeted amount for legal fees was ₦7,180,626.00 (Seven million, one hundred and eighty thousand, six hundred and twenty six naira), and

iii. The difference between (i) and (ii) above resulted to an extra-budgetary expenditure of ₦3,009,819.57 (Three million, nine thousand, eight hundred and nineteen naira, fifty seven kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB), Abuja.

Risks

i. Payment of unapproved expenditure.

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 Executive Director/CEO should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,009,819.57 (Three million, nine thousand, eight hundred and nineteen naira, fifty seven kobo), being extra-budgetary expenditure.
ii. Recover and remit to the Treasury, the sum of ₦3,009,819.57.
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 26: ENGAGEMENT OF EXTERNAL AUDITOR WITHOUT DUE PROCESS (=₦12,400,000.00)

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."

Audit observed that:
i. The Board paid the sum of ₦12,400,000.00 (Twelve million, four hundred thousand naira) as professional fees to an external auditing firm in the years 2020 and 2021 for the preparation of the Fixed Assets Register, and
ii. There was no supporting document indicating the evidence of due process in the engagement of the firm.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,400,000.00 (Twelve million, four hundred thousand naira), paid to engage external audit firm without due process of award.
ii. Recover and remit to the Treasury, the sum of ₦12,400,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 27: UNDER-REMITTANCE OF WITHHOLDING TAX (=₦1,042,112.57)

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 management of the Board was expected to remit withholding tax amounting to ₦2,204,425.69 (Two million, two hundred and four thousand, four hundred and twenty five naira, sixty nine kobo), but remitted the sum of ₦1,162,313.12 (One million, one hundred and sixty two thousand, three hundred and thirteen naira, twelve kobo), and
ii. The difference of withholding tax due for remittance and actual amount remitted in (i) above resulted to under remittance of ₦1,042,112.57 (One million, forty two thousand, one hundred and twelve naira, fifty seven kobo).

As shown in the Table below:

S/N	PAYMENT VOUCHER DETAILS	CONTRACT SUM (₦)	TOTAL EXPECTED (₦)	WHT TAX PAID (₦)	TAX DUE FOR REFUND (₦)
1	NFVCB/HQ/CAP/228/2022 DATED 11/8/2022	8,497,635.00	875,454.02	420,632.93	454,821.09
2	NFVCB/HQ/REV/9/2022 DATED 22ND JULY, 2022	6,499,725.00	669,622.83	321,736.00	347,886.83
3	REV/JULY/2022 DATED 25TH JULY, 2022. FOR	6,400,000.00	659,348.84	419,944.19	239,404.65

	PAYMENT OF FIXED ASSET REGISTER				
		21,397,360.00	**2,204,425.69**	**1,162,313.12**	**1,042,112.57**

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB), Abuja.

Risks

i. Over-payment to service providers.
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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,042,112.57 (One million, forty two thousand, one hundred and twelve naira, fifty seven kobo), being unremitted Withholding tax.
ii. Recover and remit to the Treasury, the sum of ₦1,042,112.57.
iii. Forwarding evidence of remittance to the Public Accounts Committee 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 specified in paragraphs 234 (ii) and 3112 of the Financial Regulations (2009) respectively, should apply.

ISSUE 28: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCE ABOVE THRESHOLD (=₦25,538,820.97)

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 Board made several payments totaling ₦25,538,820.97 (Twenty five million, five hundred and thirty eight thousand, eight hundred and twenty naira, ninety seven kobo) to a staff for the procurement of goods and services.
ii. The amounts paid to the staff were above the approved limit of ₦200,000.00.
iii. Relevant supporting documents, such as invoices, SRV, etc., to justify the payments, were not provided nor attached to the payment records, and
iv. The granting of advances in (i) above deprived the federal government of ₦3,447,740.83 (Three million, four hundred and forty seven thousand, seven hundred and forty naira, eighty three kobo) that would have accrued as revenue through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦25,538,820.97 (Twenty five million, five hundred and thirty eight thousand, eight hundred and twenty naira, ninety seven kobo), being circumvention of procurement procedure and granting of cash advance above the threshold.
ii. Recover and remit to the Treasury, the sum of ₦25,538,820.97.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 29: NON-CONFIRMATION OF ADVANCE PAYMENT GUARANTEE (=₦147,995,008.62)

Description of Findings

Section 71 (1) of the Finance Act (2020) states, "In addition to any other regulation as may be prescribed by the Bureau, a mobilisation fee of not more than 30% for local contractors only may be paid to a supplier or contractor supported by an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity until the mobilisation fee is fully amortised or recovered." Furthermore, section

35(2) of the Public Procurement Act (PPA) (2007) states, “Once a mobilization fee has been paid to any supplier or contractor, no further payment shall be made to the supplier or contractor without an interim performance certificate d in accordance with the contract agreement.” Similarly, paragraph 708 of the Financial Regulations (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 sum of ₦147,995,008.62 (One hundred and forty seven million, nine hundred and ninety five thousand, and eight naira, sixty two kobo) was paid for seven (7) contracts between 28th February and 21st November, 2022, and
ii. The 30% Advance Payment Guarantee for the amount paid in (i) above was not subjected to confirmation by the headquarters of the financial institution before acceptance.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor’s Board (NFVCB), Abuja.

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 Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦147,995,008.62 (One hundred and forty seven million, nine hundred and ninety five thousand, and eight naira, sixty two kobo), being payment for contract without confirmation of the APG.
ii. Recover and remit to the Treasury, the sum of ₦147,995,008.62.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 30: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦110,791,024.75)

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. Thirty four (34) payments totaling ₦110,791,024.75 (One hundred and ten million, seven hundred and ninety one thousand, twenty four naira, seventy five kobo) were made for different purposes, and
ii. Relevant supporting documents to validate the payments in (i) above were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Diversion of public funds.
ii. Misappropriation 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.

Recommendations

The Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦110,791,024.75 (One hundred and ten million, seven hundred and ninety one thousand, twenty four naira, seventy five kobo) being payments without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦110,791,024.75.
iii. Forward evidence of remittance to 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 31: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦30,154,782.75)

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. Six (6) payments totaling ₦30,154,782.75 (Thirty million, one hundred and fifty four thousand, seven hundred and eighty two naira, seventy five kobo) were made between 24th March and 28th July, 2022, for the procurement of store items, and
ii. There was no evidence to show that the above items pass through the store as Store Receipt Vouchers were not attached to the payment vouchers as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Payment for goods not supplied.
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.

Recommendations

The Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦30,154,782.75 (Thirty million, one hundred and fifty four thousand, seven hundred and eighty two naira, seventy five kobo), being payment for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦30,154,782.75
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, specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 32: PAYMENTS WITHOUT PREPAYMENT AUDIT (=₦1,620,616,606.79)

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..." Furthermore, paragraph 1706 (i) of the FR (2009) states, "The Internal Auditor shall produce monthly, quarterly and half yearly reports to the accounting officer on the progress of the audit with copies to the Accountant-General and the Auditor- General for the Federation".

Audit observed that:

i. The Board made expenditures amounting to ₦1,620,616,606.79 (One billion, six hundred and twenty million, six hundred and sixteen thousand, six hundred and six naira, seventy nine kobo) for various purposes.
ii. There was no evidence to show that the expenditures made were subjected to 100% prepayment audit as required by extant regulations, and
iii. The Internal auditor's report was not provided for scrutiny despite repeated requests during the audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Film and Video Censor's Board (NFVCB) Abuja.

Risks

i. Misappropriation of government funds.
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.

Recommendations

The Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committee of the National Assembly, the sum of ₦1,620,616,606.79 (One billion, six hundred and twenty million, six hundred and sixteen thousand, six hundred and six naira, seventy nine kobo), being payments without pre-payment audit.
ii. Recover and remit to the Treasury, the sum of ₦1,620,616,606.79.

iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

NATIONAL ORIENTATION AGENCY, ABUJA

At the National Orientation Agency, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PROCUREMENT OF INFORMATION TECHNOLOGY EQUIPMENT WITHOUT CLEARANCE FROM NITDA (=₦49,945,169.00)

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 ₦49,945,169.00 (Forty nine million, nine hundred and forty five thousand, one hundred and sixty nine naira) was paid to a contractor for the supply of desktops, printers, laptops (core i7), camcorders, digital cameras, and other accessories etc., and
ii. There was no evidence of clearance obtained from the Nigeria Information Technology Development Agency (NITDA) for the procurements in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the National Orientation Agency, Abuja.

Risks

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

Management's Response

This observation is noted for correction

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director General/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦49,945,169.00 (Forty nine million, nine hundred and forty five thousand, one hundred and sixty nine naira), being procurement of IT equipment without the approval NITDA.
ii. Recover and remit the sum of ₦49,945,169.00 to the Treasury.
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 2: PAYMENT FOR CONTINGENCY AND OTHER PROVISIONAL COSTS IN THE BILL OF QUANTITY WITHOUT EVIDENCE OF UTILIZATION (=₦3,900,000.00)

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.” 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.” 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 contract for the Renovation of Blocks A, B, and C at NOA Directorate Office Minna in Niger State was awarded to a company for ₦29,980,200.00 (Twenty nine million, nine hundred and eighty thousand, two hundred naira).
ii. Included and provided for in the contract award BOQs were lump sum amounting to ₦3,900,000.00 (Three million, nine hundred thousand naira) for electrical installation, maintenance of roof, maintenance of other part of block C, contingency, DTA and logistics for project supervision.
iii. There was no further breakdown of the lump sums into item specifications, quantities, and price/cost, thus, making it difficult to ascertain or assess the accuracy and utilization of the funds that were quoted/ allocated, as well as determine whether the services were actually delivered, and
iv. There was no evidence of any occurrence of an unforeseen event during the execution of the project or an application for a request for variation, which warranted the payment of contingency to the contractor, neither was there any approval by the Accounting Officer for the release of funds and retirement of the contingency as shown in the Table below:

S/N	DESCRIPTION OF ITEMS IN THE BOQ	PROVISIONAL LUMP SUM AMOUNT IN THE BOQ (₦)
1	Provisional sum for all necessary electrical installation	1,000,000.00
2.	Allow a provisional sum for maintenance of roof	500,000.00
3.	Allow a provisional sum for maintenance of other part of block C	400,000.00
4.	Contingency	500,000.00
5.	DTA, logistics project supervisors	1,500,000.00
	Total	**3,900,000.00**

The above anomalies could be attributed to weakness in the internal control system of the National Orientation Agency, Abuja.

Risks

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

Management's Response

The Bill of Quantity (BOQ) was prepared by Federal Ministry of Works and Housing (FMWH) using their most qualified and experience professional staff in accordance with the professional standards and relevant regulations guiding the preparation of BOQ. Also, the FMWH supervised the project to completion and certified it for payment. See Appendix 2 (BOQ).

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,900,000.00 (Three million, nine hundred thousand naira), being payment for contingency and other provisional costs without evidence of utilisation.
ii. Recover and remit the sum of ₦3,900,000.00 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 3: INFLATION OF CONTRACT PRICE (=₦25,917,907.00)

Description of Findings

Section 31(3) of the 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. Contract for the Supply of Office Equipment at the sum of ₦99,974,500.00 (Ninety nine million, nine hundred and seventy four thousand, five hundred naira) was awarded to a company, and
ii. The amount in (i) above showed an inflated sum of ₦25,917,907.00 (Twenty five million, nine hundred and seventeen thousand, nine hundred and seven naira) after a market survey was conducted.

The above anomalies could be attributed to weaknesses in the internal control system at the National Orientation Agency, Abuja.

Risks

i. Diversion of public funds,
ii. Payment for work not done.

Management's Response

The contract was awarded but only 50% funded; the remaining 50% was not released by the Federal Government. This notwithstanding, the case of over invoicing does not apply because all due diligence and procedures for the award of contract was followed before the award of contract, the Bureau for Public Procurement (BPP) reviewed the process and issued certificate of no objection, implying that all procedures were complied with. See Appendix 3 (letter of No Objection and delivery schedule for supplied items).

Auditor’s Evaluation

The Management’s response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦25,917,907.00 (Twenty five million, nine hundred and seventeen thousand, nine hundred and seven naira), being inflation of contract price.
ii. Recover and remit the sum of ₦25,917,907.00 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 specified in paragraphs 3102 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCES ABOVE THRESHOLD (= ₦308,399,627.00)

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." In addition, 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 ₦308,399,627.00 (Three hundred and eight million, three hundred and ninety nine thousand, six hundred and twenty seven naira) was granted as cash advances by the agency.
ii. The cash advances were granted from the capital votes, for various services and programmes, more than the approved threshold of ₦200,000.00 (Two hundred thousand naira), thereby circumventing procurement procedures, and
iii. The granting of advances in (i) above deprived the federal government of ₦40,477,451.04 (Forty million, four hundred and seventy seven thousand, four hundred and fifty one naira, four kobo) that would have accrued as revenue through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the National Orientation Agency, Abuja.

Risks

i. Payment for work not done.
ii. Loss of government revenue.
iii. Diversion of funds.

Management's Response

These are advances granted to staff that are travelling around the country for the Agency's programme as a programme-oriented Agency established by its' enabling law, it is required to execute its own programme. Therefore, the issue of not contracting the programme out for the VAT and WHT deduction does not arise, since advances granted to staff for travels is not tax deductible.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦308,399,627.00 (Three hundred and eight million, three hundred and ninety nine thousand, six hundred and twenty seven naira), being cash advances granted to circumvent procurement procedure.
ii. Recover and remit the sum of ₦308,399,627.00 to the Treasury.
iii Forward the evidence of remittances 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 5: UNRETIRED CASH ADVANCES (=₦343,717,492.00)

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. Forty eight (48) payments to staff as cash advances amounting to ₦176,646,718 (One hundred and seventy six million, six hundred and forty six thousand, seven hundred and eighteen naira) from 2020 remained unretired as at 31st December, 2023.
ii. Fifty one (51) payments granted as cash advances from January to December, 2023 amounting to ₦167,070,774.00 (One hundred and sixty seven million, seventy thousand, seven hundred and seventy four naira) were also unretired as at 31st December, 2023.
iii. The total unretired cash advances from 2020 to 2023 in (i) and (ii) above amounted to ₦343,717,492.00 (Three hundred and forty three million, seven hundred and seventeen thousand, four hundred and ninety two naira), and
iv. The practice of not retiring advances has resulted to some staff abusing the system by collecting multiple cash advances without providing evidence of genuine/effective utilization of the funds.

The above anomalies could be attributed to weaknesses in the internal control system at the National Orientation Agency, Abuja.

Risks

i. Diversion of public funds for personal use.
ii. Loss of public funds.

Management's Response

The Agency is not unaware of the implications of holding a cash advance too long. These are programme advances granted to programme accountants. The Agency runs its programme by itself as provided in the enabling law. At the time of the audit, the programme was still ongoing around the country, therefore, the retirement couldn't have been made, particularly since the implementation of year 2023 budget was extended to June 2024. This observation is noted, and retirements being made shall be forwarded to your office, if need be, where necessary.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦343,717,492.00 (Three hundred and forty three million, seven hundred and seventeen thousand, four hundred and ninety two naira), being unretired cash advances.
ii. Recover and remit to the Treasury, the sum of ₦343,717,492.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances, and gross misconduct, specified in paragraphs 3106, 3115, 3124, and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: UNRETIRED IMPREST (=₦9,045,000.00)

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 imprest shall be retired immediately the reason for which they were granted cease to exist. Retirement will be effected by the production of vouchers and/or cash for the full amount of the imprest." Furthermore, paragraph 1405 of the FR (2009) states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Similarly, 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 ₦9,045,000.00 (Nine million and forty five thousand naira) granted to various departments for official imprest was not accounted for by the agency.
ii. The imprest granted remained unretired as at 31st December, 2023, and
iii. Some of the officers were granted multiple imprest when previous ones had not been retired.

The above anomalies could be attributed to weaknesses in the internal control system at the National Orientation Agency, Abuja.

Risks

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

Management's Response

The Agency acknowledges that there were unretired imprests at the time of the audit; However, they have since been dully retired. Evidence of retirement shall be forwarded to your office.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director General should be requested to:

i. Account to the Public Account Committees of the National Assembly, the sum of ₦9,045,000.00 (Nine million and forty five thousand naira), being unretired imprest.
ii. Recover and remit the sum of ₦9,045,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to 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 7: DOUBTFUL EXECUTION OF CONTRACT FOR THE SUPPLY OF OFFICE ITEMS (=₦6,494,594.00)

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 412 of the FR (2009) states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" In addition, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦49,945,150.00 (Forty nine million, nine hundred and forty five thousand, one hundred and fifty naira) was paid to a company for the supply of office items.

ii. Physical inspection conducted revealed that some of the items valued at ₦6,494,594.00 (Six million, four hundred and ninety four thousand, five hundred and ninety four naira) were not sighted, and
iii. The Store Issue Voucher indicated that these items were issued to the legal unit at the headquarters and the Nasarawa state office.

The above anomalies could be attributed to weaknesses in the internal control system at the National Orientation Agency, Abuja.

Risks
i. Diversion of public funds.
ii. Diversion of store items for private used.
iii. Loss of public funds.

Management's Response
These items were actually supplied to the Agency before they were paid for and, allocated to the state offices as acknowledged by the auditor. However, it was not possible to retire all the items mentioned at the Headquarters for inspection. See attached Store Receipt Voucher duly acknowledged by store officers and internal auditor. See Appendix 5.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committee of the National Assembly, the sum of ₦6,494,594.00 (Six million, four hundred and ninety four thousand, five hundred and ninety four naira), being payment for office items not supplied.
ii. Recover and remit to the Treasury the sum of ₦6,494,594.00
iii. Forward evidence of remittance to the Public Accounts Committee 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.

NIGERIA METEOROLOGICAL AGENCY (NIMET), ABUJA.

At the Nigeria Meteorological Agency (NIMET), Abuja, for the period 1st January to 31st December, 2022, the following observations were made:

ISSUE 1: MOTOR VEHICLES NOT PRESENTED FOR VERIFICATION (=₦255,160,286.45)

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. Eight (8) vehicles of the Agency custody were not presented for verification.
ii. Out of the seven (7) vehicles allocated to the Katsina Airport, only six (6) were presented for verification and physically sighted.
iii. A Toyota Hilux 4X4 allocated to the Airport (Outstation) was not made available for verification during the inspection, and
iv. Six (6) project monitoring vehicles amounting to ₦255,160,286.45 (Two hundred and fifty five million, one hundred and sixty thousand, two hundred and eighty six naira, forty five kobo) were not recorded/contained in the list of NIMET Inventory Operation and Project Monitoring Vehicles submitted for audit, and

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Meteorological Agency (NIMET), Abuja.

Risks

i. Loss and pilferage of government property.
ii. Loss of government funds.
iii. Poor accountability of government assets.

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 ₦255,160,286.45 (Two hundred and fifty five million, one hundred and sixty thousand, two hundred and eighty six naira, forty five kobo), being the cost of motor vehicles not presented for verification.
ii. Recover the vehicles from the Contractors and forward evidence of recovery to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions relating to failure to pay for the use of government property and gross misconduct specified in paragraphs 3113 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: IRREGULAR AWARD OF CONTRACT (=₦98,719,879.45)

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 bidding." Furthermore, section 41(2) of the PPA (2007) states "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers." Similarly, section 31(1) of the PPA (2007) states, "(1) All bids shall be first examined to determine if they: (*a*) meet the minimum eligibility requirements stipulated in the bidding documents; (*b*) have been duly signed; (*c*) are substantially responsive to the bidding documents; and (*d*) are generally in order."

The audit observed that:

i. The sum of ₦98,719,879.45 (Ninety eight million, seven hundred and nineteen thousand, eight hundred and seventy nine naira, forty five kobo) was paid for the Procurement of two (2) Units of Operational Vehicles at National Weather Forecasting and Climate Research Centre, Abuja.
ii. Two out of the three quoted contractors that bided for the same contract were related as they were owned by the same promoters.
iii. The two companies had the same telephone numbers, and
iv. The Managing Director of one of the companies who signed the financial quotation bid was also a member of the Board of Directors of the second company, implying same ownership of the companies.

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

Risks

i. Award of contracts to unqualified contractors.
ii. Diversion of government 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.

Recommendations

The Managing Director should be requested to;

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦98,719,879.45 (Ninety eight million, seven hundred and nineteen thousand,

eight hundred and seventy nine naira, forty five kobo), being payments for contract award without due procurement process.

ii. Recover and remit the sum of ₦98,719,879.45 to the Treasury.

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

iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 3: CONSPIRACY AND MANIPULATION OF THE BIDDING PROCESS (₦33,878,530.00)

Description of Findings

Section 41(2) Public Procurement Act (PPA) (2007) states, "Generally, quotations shall be obtained from at least 3 unrelated contractors or suppliers…" Furthermore, section 58 (4) of the PPA (2007) states, "The following shall also constitute offences under this Act:…(c) directly, indirectly or attempting to influence in any manner the procurement process to obtain an un fair advantage in the award of a procurement contract;"... (e) Bid rigging;" Similarly, section 41 (2) of the PPA (2007) states, "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers."

Audit observed that:

i. Contracts for supply, procurement, and installation amounting to ₦33,878,530.00 (Thirty three million, eight hundred and seventy eight thousand, five hundred and thirty naira) were awarded to some companies.

ii. The contractors were related to the bidders of the same contract by sharing the same phone numbers, addresses, promoters/ownership, etc., and

iii. The recurring pattern of related bidders signified conspiracy and manipulation of the bidding process to favour a predetermined contractor.

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

Risks

i. Award of contracts to incompetent contractors.

ii. Diversion of government funds, and

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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦33,878,530.00 (Thirty three million, eight hundred and seventy eight thousand, five hundred and thirty naira), being irregular and manipulation of bidding process.
ii. Recover and remit to the Treasury, the sum of ₦33,878,530.00.
iii. Forward evidence of recovery and remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: IRREGULAR PAYMENT OF TRAINING COURSE FEES TO STAFF (=₦25,359,360.00)

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..." 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. Management paid the sum of ₦25,359,360.00 (Twenty five million, three hundred and fifty nine thousand, three hundred and sixty naira) as training course fees directly to staff members instead of the Consultant, and
ii. There was no evidence confirming the transfer of the training fee to the designated training consultant.

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

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 required to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦25,359,360.00 (Twenty five million, three hundred and fifty nine thousand, three hundred and sixty naira), being irregular payment of training fee to staff.
ii. Recover and remit to the Treasury, the sum of ₦25,359,360.00.
iii. Forward the 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 5: PROCUREMENT OF INFORMATION TECHNOLOGY EQUIPMENT WITHOUT CLEARANCE NITDA (=₦14,941,801.25)

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 Agency purchased some IT-related Equipment for ₦14,941,801.25 (Fourteen million, nine hundred and forty one thousand, eight hundred and one naira, twenty five kobo), and
ii. There was no evidence to show that necessary approval from the National Information Technology Development Agency (NITDA) was obtained before commencement of the procurement.

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

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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,941,801.25 (Fourteen million, nine hundred and forty one thousand, eight hundred and one naira, twenty five kobo), being procurement of IT Equipment without approval from NITDA.
ii. Recover and remit the sum of ₦14,941,801.25 to the Treasury.
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.

NIGERIA RAILWAY CORPORATION, LAGOS

At the Nigeria Railway Corporation, Lagos, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNACCOUNTED TRANSFERS TO OUTSTATIONS (=₦6,619,961,207.02)

Description of Findings

Paragraph 112 (f) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…" 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 ₦6,619,961,207.02 (Six billion, six hundred and nineteen million, nine hundred and sixty one thousand, two hundred and seven naira, two kobo) was transferred to the different outstations of the Corporation as shown in the Table below, and

S/N	DESCRIPTION	AMOUNT (₦)
1	District Running Costs	28,163,500.00
2	Supply of Gas	1,429,012,543.37
3	Transfer of Funds to Districts	5,162,785,163.65
	Total	**6,619,961,207.02**

ii. Evidence to justify the legitimacy and authenticity of the transferred funds was not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

The Appendix 1A - 1C are attached for further details.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,619,961,207.02 (Six billion, six hundred and nineteen million, nine hundred and sixty one thousand, two hundred and seven naira, two kobo), being unaccounted transfers to the outstations of the Corporation.
ii. Recover and remit to the Treasury, the sum of ₦6,619,961,207.02.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: UNRECONCILED VARIANCE BETWEEN TOTAL IGR FROM RECEIPT BOOKLETS AND REVENUE RECOGNISED IN THE AUDITED ACCOUNTS (=₦2,856,049,388.00)

Description of Findings

Paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "the functions of Accounting Officer to among other things include: (a) ensuring that proper budgetary and accounting system are established and maintained to enhance internal control, accountability and transparency (b) ensuring that the essential management control tools are put in place to minimize waste and fraud…(f) ensuring accurate collection and accounting for all public moneys received and expended." Furthermore, paragraph 210 of the FR (2009) states, "All receipt entries in the Revenue Collectors' cash book shall include the dates and numbers of all receipts issued. The Revenue Collector will obtain an official receipt for all moneys paid in by him and will paste this receipt in his cashbook, recording its date and number, on the payment side of the cash book." Similarly, paragraph 709 of the FR (2009) states, "The Accountant-General and the Auditor-General or their representatives shall have the right of access to records of all bank accounts of all ministries, extra-ministerial offices and other arms of government and are entitled to any information they may require in connection with such accounts."

Audit observed that:

i. The sum of ₦8,158,113,457.00 (Eight billion, one hundred and fifty eight million, one hundred and thirteen thousand, four hundred and fifty seven naira) was the total Internally Generated Revenue (IGR) per the Treasury receipt booklet**.**
ii. The total IGR figure recorded in the trial balance was ₦5,225,084,018.90 (Five billion, two hundred and twenty five million, eighty four thousand, eighteen naira, and ninety kobo), while the Audited Account reported a total IGR figure of ₦5,302,064,069.00 (Five billion, three hundred and two million, and sixty four thousand, and sixty nine naira), and
iii. The unreconciled difference of ₦2,856,049,388.00 (Two billion, eight hundred and fifty six million, forty nine thousand, three hundred and eighty eight naira) was identified between the IGR as per the receipt booklet in (i) above and IGR as per the audited account in (ii) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

The audited financial statement, Trial balance are attached in Appendix 2B,2C.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,856,049,38 (Two billion, eight hundred and fifty six million, forty nine thousand, three hundred and eighty eight naira), being unreconciled difference of IGR between the receipt booklets and audited accounts.
ii. Recover and remit to the Treasury the sum of ₦2,856,049,388.00.
iii. Forward evidence of the remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 3: UNDER-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦1,714,239,297.00)

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…" Furthermore, paragraph 236 of the 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 total Internally Generated Revenue (IGR) reported in the year 2022 amounted to ₦5,225,084,018.90 (Five billion, two hundred and twenty five million, eighty four thousand, eighteen naira, ninety kobo), and

ii. The reconciliation of the total IGR collected as shown in the trial balance and Financial Statement showed that the sum of ₦1,714,239,297.00 (One billion, seven hundred and fourteen million, two hundred and thirty nine thousand, two hundred and ninety seven naira) was under-remitted to the Consolidated Revenue Fund as shown in the Table below:

S/N	Description	AMOUNT (₦)
1	Total IGR Collected (2022 Trial Balance)	5,225,084,018.90
2	50% Remittance Due to the Federal Government	2,612,542,009.00
3	Actual Remittance Made to the Federal Government	898,302,712.00
	Under-remittance of IGR (liability) for the year 2022	**1,714,239,297.00**

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

i. Loss of government revenue.

ii. Inability of government to fund the 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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,714,239,297.00 (One billion, seven hundred and fourteen million, two hundred and thirty nine thousand, two hundred and ninety seven naira), being unremitted IGR.
ii. Remit to the Treasury, the sum of ₦1,714,239,297.00.
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 specified in paragraph 3112(ii) of the Financial Regulations (2009) should apply.

ISSUE 4: CONTRACTS EXECUTED WITHOUT APPROPRIATE AUTHORIZATION (=₦858,629,302.00)

Description of Findings

Section 19 (d) of the Public Procurement Act (2007) states, "Subject to regulations as may from time to time be made by the Bureau, under the direction of the Council, a procuring entity shall, in implementing its procurement plans obtain approval of the approving authority before making an award." 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. Twenty six (26) contracts totaling ₦858,629,302.00 (Eight hundred and fifty eight million, six hundred and twenty nine thousand, three hundred and two naira) were awarded by the Corporation, and
ii. The contracts in (i) above were awarded without the presence of the Corporation's Managing Director and the Director of Procurement at the Tenders Board meetings, as evidenced by the absence of their signatures on the attendance list of the meeting.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

See appendix 3 attached

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦858,629,302.00 (Eight hundred and fifty eight million, six hundred and twenty nine thousand, three hundred and two naira), being contract awarded without appropriate approval.
ii. Recover and remit to the Treasury, the sum of ₦858,629,302.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 5: NON-REMITTANCE OF INVESTMENT INCOME TO THE CONSOLIDATED REVENUE FUND ACCOUNT (=₦410,000,000.00)

Description of Findings

Section 80 (1) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "All revenues or other moneys raised or received by the Federation (not being revenues or other moneys payable under this Constitution or any Act of the National Assembly into any other public fund of the Federation established for a specific purpose) shall be paid into and form one Consolidated Revenue Fund of the Federation."

Audit observed that:

i. The investment income of ₦410,000,000.00 (Four hundred and ten million naira) was received from Nigeria Railway Properties Ltd. The total amount received was split into two tranches, with ₦100,000,000.00 received in September, 2022, while the balance of ₦310,000,000.00 was received on the 30th December, 2022, and
ii. The ₦410,000,000.00 received from the Nigerian Railway Corporation Properties was transferred into the NRC Account instead of FGN CRF Account.

The above anomalies could be attributed to weakness in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

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 Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦410,000,000.00 (Four hundred and ten million naira), being investment income not remitted into the Consolidated Revenue Fund.
ii. Recover and remit to the Treasury, the sum of ₦410,000,000.00.
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 specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 6: UNDUE FINANCIAL INTERFERENCE BY THE SUPERVISING MINISTRY (=$33,000.00 EQUIVALENT OF (=₦19,602,000.00)

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. The Corporation chartered service flights to Kaduna State for conveying Management, the Honourable Minister of Transport, and their entourage, at the sum of US$33,000.00.
ii. The amount in (i) above exceeded the initial cost of US$26,000.00 that was approved. This discrepancy represented an overpayment of US$7,000.00.
iii. There was no evidence to show that an exemption or waiver was granted before the above payment was made, and
iv. The sum of US$33,000.00, equivalent of ₦19,602,000.00 (Nineteen million, six hundred and two thousand naira) was not paid to any airline but was paid into an individual's account.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

See Appendix 4

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,602,000.00 (Nineteen million, six hundred and two thousand naira), being money paid to defray the supervising Ministry's expenses.
ii. Recover and remit to the Treasury, the sum of $33,000.00 equivalent of ₦19,602,000.00.
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 specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦221,817,853.72)

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 subsection (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 store's ledgers must be clearly indexed."

Audit observed that:

i. The sum of ₦221,817,853.72 (Two hundred and twenty one million, eight hundred and seventeen thousand, eight hundred and fifty three naira, seventy two kobo) was spent to procure various store items in the year 2023, through fourteen (14) payment vouchers, and
ii. There was no evidence to show the items procured were taken on ledger charge as required by extant regulations

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

See appendix 5 attached

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦221,817,853.72 (Two hundred and twenty one million, eight hundred and seventeen thousand, eight hundred and fifty three naira seventy two kobo), paid for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦221,817,853.72.
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 8: EXPENDITURES ON RESIDENTIAL BUILDINGS WITHOUT RENTAL INCOME (=₦136,329,094.02)

Description of Findings

Paragraph 112 of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: …(i) ensuring internal guides, rules, regulations, procedures are adequately provided for the security and effective check on the assessment, collection and accounting for revenue;" Furthermore, paragraph 3007 of the 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. The sum of ₦136,329,094.02 (One hundred and thirty six million, three hundred and twenty nine thousand, ninety four naira, two kobo) was spent to maintain residential buildings.
ii. There was no corresponding credit (i.e., income from rent) from residential buildings in the trial balance, and
iii. There was no evidence to show that the Corporation remitted income generated from rent to the CRF as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

i. Loss of revenue to the government.
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 Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦136,329,094.02 (One hundred and thirty six million, three hundred and twenty nine thousand, ninety four naira, two kobo), being expenditures on residential building without remittance of rental income.
ii. Recover and remit to the Treasury, the sum of ₦136,329,094.02.
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 9: UNRETIRED CASH ADVANCES (=₦39,455,727.06)

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." Similarly, 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. Advances totaling ₦39,455,727.06 (Thirty nine million, four hundred and fifty five thousand, seven hundred and twenty seven naira, six kobo) were made in respect of works and supplies in the year 2022.
ii. The advances in (i) above were unretired, and there was no evidence of retirement attached to the payment records, and
iii. Multiple cash advances were granted to certain officers without proper retirement of previous advances.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

See appendix 6 attached

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦39,455,727.06 (Thirty nine million, four hundred and fifty five thousand, seven hundred and twenty seven naira, six kobo), being unretired cash advances.
ii. Recover and remit to the Treasury, the sum of ₦39,455,727.06.
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 specified in paragraphs 3124 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 10: FOREIGN TRIPS WITHOUT APPROVAL OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION OR THE SGF (=₦28,136,040.00)

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. Payments totaling ₦28,136,040.00 (Twenty eight million, one hundred and thirty six thousand, and forty naira) were made for foreign travels.
ii. The management of the Corporation failed to provide approvals from the Head of Civil Service of the Federation/Secretary to the Government of the Federation, and

iii. Evidences such as the travel itinerary, reports, seminar/conference certificates, etc. validating that the foreign travels were embarked on, were not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

Risks

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

Management's Response

See the attached appendix 7

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦28,136,040.00 (Twenty eight million, one hundred and thirty six thousand, and forty naira), being payments for foreign trips without approval.
ii. Recover and remit to the Treasury the sum of ₦28,136,040.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to wrong and irregular payment specified in paragraph 3109 of the Financial Regulations (2009) should apply.

ISSUE 11: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦4,640,700.00)

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. The sum of ₦4,640,700.00 (Four million, six hundred and forty thousand, seven hundred naira) was paid as training course fees to staff.
ii. The payment was made in violation of the e-payment policy of the federal government, and
iii. There was no evidence that the training fees was paid to the ultimate beneficiaries as required by the federal government's e-payment policy.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Railway Corporation (NRC), Lagos.

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 Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,640,700.00 (Four million, six hundred and forty thousand, seven hundred naira), being violation of e-payment policy of the federal government.
ii. Recover and remit to the Treasury, the sum of ₦4,640,700.00.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

NIGERIAN NUCLEAR REGULATORY AUTHORITY (NNRA), ABUJA

At the Nigerian Nuclear Regulatory Authority (NNRA), Abuja, for the period 1st January to 31st December, 2022, the following observations were made:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦9,097,125.00)

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. The sum of ₦9,097,125.00 (Nine million, ninety seven thousand, one hundred and twenty five naira) was paid for the supply and purchase of store items by the Authority in 2022, through seven (7) paid vouchers, and
ii. There was no evidence, such as Stores Receipt Voucher (SRV), to show that the items procured were taken on ledger charge as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Nuclear Regulatory Authority (NNRA), Abuja.

Risks

i. Payment for items not supplied.
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.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,097,125.00 (Nine million, ninety seven thousand, one hundred and twenty five naira), being payments for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦9,097,125.00.
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 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: UNRETIRED CASH ADVANCES (=₦6,501,163.43)

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 ₦6,501,163.43 (Six million, five hundred and one thousand, one hundred and sixty three naira, forty three kobo) was granted as advances to some staff of the Authority for the purchase of various items, and
ii. Evidence of the retirement of these cash advances was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Nuclear Regulatory Authority (NNRA), Abuja.

Risks

i. Payments for services not rendered.
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.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,501,163.43 (Six million, five hundred and one thousand, one hundred and sixty three naira, forty three kobo), being unretired cash advances.
ii. Recover and remit the sum of ₦6,501,163.43 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to retire cash advances and irregular payments specified in paragraphs 3124 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: PAYMENT OF COURSE FEE WITHOUT EVIDENCE OF ATTENDANCE (=₦2,054,350.00)

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) states, “The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.”

Audit observed that:
i. The sum of ₦2,054,350.00 (Two million, fifty four thousand, three hundred and fifty naira) was paid for course fee.
ii. The above payments were effected through two (2) paid vouchers, and
iii. Evidence of attendance such as pictures, training certificate, air ticket and other supporting documents were not attached to the Payment vouchers as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Nuclear Regulatory Authority (NNRA), Abuja.

Risks
i. Diversion of public funds.
ii. Payment for jobs not done.

Management's Response
No response.

Auditor’s Evaluations
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 ₦2,054,350.00 (Two million, fifty four thousand, three hundred and fifty naira), being irregular payment for course fee.
ii. Recover and remit the sum of ₦2,054,350.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 4: PENALTY FEES RECEIVED BUT NOT RECORDED IN THE CASHBOOK (=₦1,950,000.00)

Description of Findings
Paragraph 112 (i) of the Financial Regulations (FR) (2009) states, “The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting system are established and maintained to enhance internal control, accountability and transparency (b) ensuring that the essential management control tools are put in place to minimize waste and fraud…(f) ensuring accurate collection and accounting for all public moneys received and expended.” Furthermore, paragraph 210 of the FR (2009) states, “All receipt entries in the Revenue Collectors' cash book shall include the dates and numbers of all receipts d. The Revenue Collector will obtain an official receipt for all

moneys paid in by him and will paste this receipt in his cashbook, recording its date and number, on the payment side of the cash book."

Audit observed that:

i. Penalty fees totaling totaling ₦1,950,000.00 (One million, nine hundred and fifty thousand naira) was paid by clients into the Authority's bank in respect defaults for the year 2022.
ii. The banks generated the Remita Retrieval Reference (RRR) for the receipt of the amount in (i) above, but it was not recorded in the cashbook.
iii. The action in (ii) above, resulted in an understatement of the agency's revenue inflows in the cash book for 2022 financial year, and
iv. Evidence of reconciliation statements were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Nuclear Regulatory Authority (NNRA), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluations

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 ₦1,950,000.00 (One million, nine hundred and fifty thousand naira), being penalty fees received but not recorded in the cash book.
ii. Recover and remit the sum of ₦1,950,000.00 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 as specified in paragraph 3112 of the Financial Regulations (2009) should apply.

AJAOKUTA STEEL ROLLING COMPANY, AJAOKUTA

At the Ajaokuta Steel Rolling Company, Kogi State, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: EXTRA-BUDGETARY EXPENDITURE (=₦4,100,000.00)

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 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 total spending on personnel cost in 2023 was ₦4,284,836,419 as against the total sum of ₦4,280,736,419.00 that was appropriated for it, and
ii. This action resulted to extra budgetary spending on personnel cost in 2023 by ₦4,100,000.00 (Four billion, one hundred thousand naira) which were not accounted for.as shown in the Table below.

INCOME	2023 ₦	2022 ₦
Overhead Subvention	57,571,346.00	65,720,353.00
Internally Generated Revenue (IGR)	NIL	NIL
Other Revenue	65,746,816.00	69,429,793.00
Capital Subvention	335,096,443.00	NIL
Personnel Subvention	4,280,736,419.00	3,556,287,347.00
TOTAL	**4,739,151,024.00**	**3,691,437,493.00**
EXPENDITURE		
Personnel	4,284,836,419.00	3,556,287,347.00
Training & Development	2,065,570.00	1,930,272.00
Admin & Expenses	283,775,865.00	336,462,527.00
Financial Charges	206,946.00	11,072.00
Depreciation	56,633,906.00	57,718,735.00
Constituency Projects	398,906,384.00	223,916,750.00
TOTAL	**5,026,425,091.00**	**4,176,326,703.00**
Surplus (Deficit) of Income Over Expenditure	**(287,274,067.00)**	**(484,889,210.00)**

The above anomalies could be attributed to weaknesses in the internal control system at the Ajaokuta Steel Rolling Company, Kogi State.

Risks

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

Management's Response

We regret to acknowledge the error in the 2022 financial accounts as reported by our auditor. The income aspect of the report did not include Capital Subvention of the sum of ₦318, 847,246.00 received from the Federation Account. Thus, the Income and Expenditure for the year 2022 would have read as follows:

INCOME:	₦
Overhead Subvention	65,720,353.00
Internally Generated Revenue (IGR)	NIL
Other Revenue	69,429,793.00
Capital Subvention	318,847,246.00
Personnel Subvention	3,556,287,347.00
TOTAL	4,010,284,739.00
EXPENDITURE:	
Personnel	3,556,287,347.00
Training & Development	1,930,272.00
Admin & Expenses	336,462,527.00
Financial Charges	11,072.00
Depreciation	57,718,735.00
Constituency Projects	223,916,750.00
TOTAL	4,176,326,703.00
Surplus (Deficit) of Income over Expenditure	(166,041,964.00)

ii) Our accounting recording system is on the accrual based. We recognize all expenses for the period as they are incurred whether payment had been effected or not. Thus, we are still indebted to the following for the period under review, year 2022, for settling when funds are available:

For the Year 2022	₦
- Europa Executive Guards Ltd.	13,632,041.00
- HNB Security Protective Co. Ltd.	2,656,420.00
- Kako Security System Ltd.	1,608,024.00
- Base-San Security Services Nig. Ltd.	3,280,093.00
- Laurman and Company Ltd.	3,001,671.00
- Royal Wilbo Ventures Nig. Ltd.	14,501,715.00
- Otuks Holding Ent.	760,435.00
- Hamdan International Ltd.	65,183,108.00
- Stefan Jaeger Nigeria Limited.	84,856,200.00
- Reliant Overseas Limited.	3,880,697.00
- Tigerstar Global Services Nig. Ltd.	5,151,462.00
- TOTAL	187,855,506.00

For the year 2023	₦
- Hamdan International Ltd	40,839,658.00
- Royal Wilbo Ventures Nig. Ltd.	13,513,854.00

- Laurman and Company Ltd.	8,833,477.00
- Europa Executive Guards Ltd.	8,405,755.00
- HNB Security and Protective Co. Ltd.	4,826,397.00
- Kako Security System Ltd.	2,517,045.00
- Otuks Holding Ent.	200.000.00
- Base-San Security Services Nig. Ltd.	8,937,377.00
- Stefan Jaeger Nigeria Ltd.	42,356,201.00
- Chelixir Nig. Ltd.	65,003,223.00
- M/S Selsa Logistics Services Limited	199,844,764.00
- Tigerstar Global Services Nig. Ltd.	11,205.615.00
- TOTAL	406,483,367.00

iii) In the year 2023 the Federal Government created additional 40% allowance for its Civil Servant known as 'CONPSS PECUILIAR'. This accounted for the increase in the staff salary between year 2022 and 2023 of ₦728, 274,067.00 (seven hundred and twenty-eight million, two hundred and seventy-four thousand, and sixty-seven naira).

iv)In line with the above, we confirm that there is no ghost staff on our payroll, more so, as our payroll is domicile and handled by the Office of Accountant General of the Federation through IPPIS.

Auditor's Evaluation.

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Sole Administrator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,100,000.00 (Four billion, one hundred thousand naira), being extra-budgetary expenditure on personnel cost.
ii. Recover and remit to the Treasury, the sum of ₦4,100,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦41,823,114.85)

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 totaling ₦41,823,114.85 (Forty one million, eight hundred and twenty three thousand, one hundred and fourteen naira and eighty five kobo) were made from the overhead allocation to the accounts of four (4) members of staff in 2022, and
ii. There was no evidence to confirm that the intended beneficiaries received the payments from the officers.

The above anomalies could be attributed to weaknesses in the internal control system at the Ajaokuta Steel Rolling Company, Kogi State.

Risks

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

Management's Response

The assertion that there is unjustified diversion of fund is not true. The expenses are justifiably approved by the Sole Administrator and well expended for the purposes they were approved.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Sole Administrator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦41,823,114.85 (Forty one million, eight hundred and twenty three thousand, one hundred and fourteen naira, eighty five kobo), being violation of e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury, the sum of ₦41,823,114.85.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 3: UNSUBSTANTIATED PAYMENT FOR CONSTITUENCY PROJECTS (=₦563,950,988.12)

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. Contracts totaling ₦563,950,988.12 (Five hundred and sixty three million, nine hundred and fifty thousand, nine hundred and eighty eight naira, twelve kobo) were awarded to some contractors between year 2022 and 2023 as constituency projects.
ii. Evidence such as pictorials, and the names of representatives/beneficiaries of the projects were not provided to validate the authenticity of these contract payments.
iii. The final payments on these contracts were made without the internal auditor's certification of the job completion certificates, and
iv. The in-house market survey for all projects was also not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Ajaokuta Steel Rolling Company, Kogi State.

Risks

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

Management's Response

It is imperative to note that the contract awards for the Eight (8) projects totaling ₦563,950.988.12 (Five hundred and sixty-three million, nine hundred and fifty thousand, nine hundred- and eighty-eight-naira, twelve kobo) followed due diligences (i.e. adverts were placed for tenders and expression of interest through to award of contracts and execution of projects).

The first four (4) were constituency projects for year 2022, while the last four (4) were those of year 2023.

1. Empowerment of women and youth by Messrs Stefan Jaeger Nig. Limited valued at ₦84,856,200.00 (Eighty-Four Million, Eight Hundred and Fifty-Six Thousand, Two Hundred naira) only was executed satisfactorily and 50% payment was made to the contractor for the sum of ₦42,499,999.23 (Forty-Two Million, Four Hundred and Ninety-Nine Thousand, Nine Hundred and Ninety-Nine Naira, Twenty-Three Kobo).

The contractor is yet to be paid the balance of ₦42,499,999.23 (Forty-Two Million, Four Hundred and Ninety-Nine Thousand, Nine Hundred and Ninety-Nine Naira, Twenty-Three Kobo) outstanding. Attached herewith is the list of beneficiaries for ease of reference.

2. Provision of empowerment items by Messrs De-Tomsin Nig Ltd at a total cost of ₦12,651,675.00 (twelve million, six hundred and fifty-one thousand, six hundred and seventy-five naira) was successfully executed. See list of beneficiaries.

3. Construction of Drainages/ Erosion control by Messrs Spodek Engr. Ltd valued at ₦3,310,050.00 (Three million, three hundred and ten thousand, and fifty naira) was a procurement of works and same carried out and executed satisfactorily with convincing pictorial evidence (file available).

4. Supply of computers, Printers, Freezers etc in Eti -Osa LGA of Lagos State by Messrs Tiger star Global Service Ltd was equally executed successfully. See list of beneficiaries.

5. As for Messrs Chelixir and Selsa, the response to "issue No 2" has answered/cleared the remarks from Auditors.

6. i. Also, training of indigenous and capacity building training by Anino Constructions Ltd and Sumat Corporate Concept Ltd carried out the required trainings with convincing pictorial evidences and verifiable beneficiary lists.

ii. The remarks of Auditors that there were no any verifiable evidences such as pictorial, name of representation / beneficiaries to validate the authenticity of these contract payments are not correct. Thus, each file has pictorial and beneficiary lists to substantiate the execution of the projects (see the attached for details). iii. It is not true that final payments of these contracts were made without the auditor's certification on the job completion certificates. The Internal Auditors did carry out their due diligent exercise on the documents (job completion certification inclusive) contained in the files and found them suitable enough for payments.

iv. We are surprised that the auditors concluded that we awarded these contracts without in-house estimates. It is highly imperative to state that though contracts in question were not originated by us (ASCL). We still processed them by ensuring every requirement of Procurement Act, 2007 and that of Finance Act, 2020/2021 were duly followed. In-house estimates were generated and sought for every item and component in the BoQs so as to checkmate excessive/abnormal high tendering costs for the entire projects before we awarded the contracts. Therefore, the risks itemized by the auditors i.e. sub-standard jobs, payment for job not completed and loss of public fund do not exist for these eight.
(8) projects because they were executed with the achievement of objectives for which they were budgeted for.

From the above, the recommendation made by the auditors to provide reason for the improper management of constituency projects or account for the sum of N563,950,988:12 (Five Hundred and Sixty-Three Million, Nine Hundred and Fifty

Thousand, Nine Hundred and Eighty-Eight Naira, Twelve Kobo) spent on constituency projects in the year 2022 and 2023 do not arise because the projects were handled with our best practices in accordance with the provision of the Statutory Acts) and Regulations. Thus, the projects were executed satisfactorily and every stakeholder exercised and carried out their expected roles including the Internal Audit as explained in details above.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Sole Administrator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦563,950,988.12 (Five hundred and sixty three million, nine hundred and fifty thousand, nine hundred and eighty eight naira, twelve kobo), being unsubstantiated payment for constituency project.
ii. Recover and remit to the Treasury, the sum of ₦563,950,988.12.
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 4: UNAUTHORIZED OPERATION OF COMMERCIAL BANK ACCOUNTS FOR REVENUE COLLECTION

Description of Findings

Paragraph 2 of the Treasury Circular Ref. No. TRY/A1 & B1/2015 OAGF/CAD/026/V.1/253 dated 19th March, 2015, states, "With effect from 1st April 2015, all payments due to the Federal Government or any of her agencies are to be paid into the Consolidated Revenue Fund (CRF) or designated accounts in the Central Bank of Nigeria (CBN) through Deposit Money Banks (DMBs) or electronic channels using the CBN Payment Gateway. This is in line with the operations of the Treasury Single Accounts (TSA) and the e-Payment policies of the Federal Government." Furthermore, Treasury Circular No. TRY/A7&B7/2015/OAGF/CAD/026/VOL.11/240, dated 5th October, 2015, states, that "following the expiration of the 15th September, 2015 deadline for all MDAs to comply with the Presidential directive on the establishment and operation of Treasury Single Account/E-Collection scheme, it is expected that all accounts maintained and operated in the DMBs (Deposit Money Banks) by MDAs would have been closed and balances transferred to the Central Bank of Nigeria (CBN)." Also, paragraph 701 of the Financial Regulations (FR) (2009) states, "No official bank account shall be opened unless authorized by the Account-General of the Federation…" In addition, 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. The Company has twenty (20) different estates/staff quarters and facilities that were rented out to staff and non-staff members in several locations in Nigeria.
ii. The management of ASCL opened several commercial bank accounts to collect rent from these facilities.
iii. The authority to operate the various bank accounts was not provided for audit, and
iv. The bank statements, detailed operations of the various accounts and details of all the revenues generated from the various sources were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Ajaokuta Steel Rolling Company, Kogi State.

Risks

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

Management's Response

These were done based on exigency of the expense to be incurred and most time the company do not have enough funds to commit such expense to contract as overhead funds are not release in time. At times, we source money from any available sources to fund expendable challenges such as security of the environment which include bush clearing.

This informed the company to embark on urgent cash purchases within the limit of available fund. And most time the expenses are incurred in piecemeal due to lack of fund.

Therefore, the company actions are not meant to divert fund to nowhere.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Sole Administrator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, all income from rent, from the various Company owned facilities.
ii. Furnish the bank statement, cash book records, bank reconciliation statement, general ledger and the audited account of the company from year 2020 to the Public Accounts Committees of the National Assembly.
iii. Recover and remit to the Treasury, all income from rent from the various facilities.
iv. Forward the 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 5: UNACCOUNTED AND DOUBTFUL REMITTANCE OF INTERNALLY GENERATED REVENUE (IGR) TO THE CONSOLIDATED REVENUE FUND (CRF)

Description of Findings

Paragraph 1(ii) of the Federal Treasury Circular with reference number FMFBNP/OTHERS/IGR/CFR/12/2021 dated 20th December, 2021, states, "All partially funded Federal Government Agencies/ Parastatals (receiving Capital or overhead allocation from the Federal Government Budget) should limit their annual budgetary expenditure from their Internally Generated Revenue (IGR) to not more than 50% (fifty percent) of their gross IGR and remit 100% (hundred percent) of the remaining 50% (fifty percent) to the Sub-Recurrent Account. All statutory revenue line like tender fees, contractor's registration fees etc should be remitted 100%." Also, Paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include:…(i) ensuring that any revenue collected are not spent, but remitted to the appropriate authorities promptly." Similarly, section 22(2) of the Fiscal Responsibility Act (2007) states, "The balance of the operating surplus shall be paid into the Consolidated Revenue Fund of the Federal Government not later than one month following the statutory deadline for publishing each corporation's accounts."

Audit observed that:

i. Some Internally Generated Revenue (IGR), such as Tender fees, was paid into the Company's accounts.
ii. The Company's management failed to provide the account statements and relevant records of the IGR accounts for audit scrutiny, and
iii. There was no evidence to show that the IGR from sources such as: rent of government property, ASCL School Administration, ASCL Medical Service, Ministerial Lodge Abuja Estate, repairs and maintenance service, canteen service, etc., were remitted to the Consolidated Revenue Fund (CRF).

The above anomalies could be attributed to weaknesses in the internal control system at the Ajaokuta Steel Rolling Company, Kogi State.

Risks

i. Loss of Revenue due to the Government.
ii. Difficulty in funding the budget.

Management's Response

For now, the company is not in production all functional units are down. The company through the Federal Government is making frantic effort to resuscitate the facilities to get it working. The management is also for now looking at other ways to generate income to sustain the operation of the company. During the period the tender fees received was just N80, 000.00 (eighty thousand naira) only from eight (8) contractor.
The account statements of our operation were provided to your team for scrutiny but were not satisfied. Please note the following:
- During the period no income was received from rent of government properties.
- ASCL Medical Clinic operates as semi-Autonomous Unit. See issue 28.
- ASCL Schools Management Board operates as semi-Autonomous Unit. See issue 28.
- Ministerial Lodge Abuja Estate and others are not operated as money making ventures.

They are dedicated to host our esteem visitors like your audit team, external auditors, ministry / government officials etc.
- Canteen service is self funding.

In line with the above, there was no Internally Generated Revenue for the period under review. The management is making effort to see that things improve subsequently.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Sole Administrator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the Internally Generated Revenue (IGR) not remitted into the Consolidated Revenue Fund.
ii. Recover and remit all the IGR collected to the Treasury.
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 (ii) of the Financial Regulations (2009) should apply.

ISSUE 6: UNDER-REMITTANCE OF STAFF DEDUCTIONS (=₦209,154,395.69)

Description of Findings
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 the deduction is paid."

Audit observed that:
i. The sum of ₦493,321,896.79 (Four hundred and ninety three million, three hundred and twenty one thousand, eight hundred and ninety six naira, seventy nine kobo) was deducted as PAYE, NHIS, NHF, and Pension from the emolument of staff for Kogi state in 2023.
ii. The actual amounts remitted into the accounts of the different beneficiaries amounted to ₦284,167,501.10 (Two hundred and eighty four million, one hundred and sixty seven thousand, five hundred and one naira, ten kobo).
iii. The difference between (i) and (ii) above was ₦209,154,395.69 (Two hundred and nine million, one hundred and fifty four thousand, three hundred and ninety five naira, sixty nine kobo), being under-remittance of staff deductions as shown in the Table below.

S/N	TYPE OF DEDUCTIONS	TOTAL AMOUNT DEDUCTED from	ACTUAL AMOUNT REMITTED (₦)	UNDER-REMITTED AMOUNT (₦)

		staff salary and allowances (₦)		
1	Kogi Tax	264,363,680.97	152,001,914.20	112,361,766.77
2	NHIS	38,831,688.48	20,347,932.68	18,483,755.80
3	NHF	63,865,841.91	37,382,986.19	26,482,855.72
4	Pension Alliance Ltd	126,260,685.43	74,434,668.03	51,826,017.40
	TOTAL	**493,321,896.79**	**284,167,501.10**	**209,154,395.69**

The above anomalies could be attributed to weaknesses in the internal control system at the Ajaokuta Steel Rolling Company, Kogi State.

Risks

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

Management's Response

We find it difficult to respond to the above as we are not in charge of payroll preparation and payment of same to beneficiaries. IPPIS (Integrated Personnel and Payroll Information System) domiciled at the Office of The Accountant General of the Federation are solely in charge of payroll preparation and payment of salaries and deductions to beneficiaries. What we do is to obtain details from IPPIS and record same in our books monthly. We have not received complaint from the beneficiaries mention in your report of being short paid by IPPIS as they are aware we have no answer for them.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

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Recommendations

The Sole administrator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦209,154,395.69 (Two hundred and nine million, one hundred and fifty four thousand, three hundred and ninety five naira, sixty nine kobo), being under-remittance of staff deductions.
ii. Remit the sum of ₦209,154,395.69 to the relevant beneficiaries.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112(ii) of the Financial Regulations (2009) should apply.

ISSUE 7: NON-INSURANCE OF GOVERNMENT ASSETS

Description of Findings

Establishment Circular referenced SGF/OP/I/S.3/VII/981 of 21st July, 2008, requires all MDAs to ensure that all assets under them are fully and adequately insured with registered insurance companies. 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 company have assets that is worth over ₦200,000,000,000.00 (Two hundred billion naira), and
ii. Evidence of insurance of the assets with registered insurance companies against probable loss was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Ajaokuta Steel Rolling Company, Kogi State.

Risks

i. Exposure of government assets to loss.
ii. Exposure of government assets to destruction.

Management's Response

We have been reporting that the assets of the company had been over due for revaluation.

However, due to lack of fund the exercise is yet to be carried out. For now, the current value of our assets in our financial statement is still on the historical value. Also, the company yearly budget does not include insurance coverage thus:
i)The assets could not be insured against risks/perils.
ii)The assumed value of over N200, 000,000,000.00 (two hundred billion naira) is not in our records as revaluation of the company assets is yet to be carried out.
iii) No budgetary provision for insurance coverage.
However, it appears our parent ministry is the body handling this insurance issue.

Auditor’s Evaluation

The Management’s response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Sole Administrator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-insurance of government assets.
ii. Evaluate the total of the company’s assets and obtain an insurance cover to indemnify risks and protect them from financial and economic loss.
iii. Forward evidence of insurance cover to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, apply sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

COUNCIL FOR THE REGULATION OF FREIGHT FORWARDING IN NIGERIA (CRFFN)

At the Council for the Regulation of Freight Forwarding in Nigeria, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENT

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."

Audit observed that:

i. The Council's yearly audited financial statements were in arrears for eight (8) financial years from 2015 to 2022.
ii. The Council was unable to submit its Audited Financial Statements together with the Management Reports to the Auditor-General for the Federation, and
iii. The above practice by the Council contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria.

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 Registrar should be requested to:

i. Submit the Audited Financial Statements for 2015 to 2022 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: IRREGULARITIES IN THE PROCUREMENT PROCEDURES (=₦73,289,772.31)

Description of Findings

Section 24(1) of the Public Procurement Act (PPA) (2007) states, “Except as provided for in this Act, all procurement of goods and works by all procuring entities shall be conducted by open competitive bidding.” Furthermore, section 51(6) of the PPA (2007) states, “The successful proposals shall be: (a) the proposals with the best combined evaluation in terms of the criteria established under subsection (1) of this Section from price in the case of quality and cost-based selection; (b) the proposals with the lowest price in the case of least-cost selection.”

Audit observed that:

i. The sum of ₦73,289,772.31 (Seventy three million, two hundred and eighty nine thousand, seven hundred and seventy two naira, thirty one kobo) was paid by the Council to three (3) contractors for the construction of administrative block, construction of liaison office at NIFF and supply and installation of public address system and CCTV at the contract prices of ₦30,003,544.59 (Thirty million, three thousand five hundred and forty four naira and fifty-nine kobo), ₦30,056,769.36 (Thirty million, fifty six thousand seven hundred and sixty nine naira, fifty six kobo) and ₦13,229,458.36 (Thirteen million two hundred and twenty nine thousand four hundred and fifty eight naira and thirty six kobo) respectively.
ii. These contracts were re-awarded to the same three (3) companies after they have been previously awarded to them, and
iii. Evidence of quotation from other bidders, to show that the procurement was a product of open competitive bidding, was not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria.

Risks

i. Diversion of public funds.
ii. Payment to ineligible contractors.

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 Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦73,289,772.31 (Seventy three million, two hundred and eighty nine thousand, seven hundred and seventy two naira, thirty one kobo), being irregularities in procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦73,289,772.31.

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: UNACCOUNTED PAYMENT TO COUNCIL'S ELECTION COMMITTEE (=₦13,881,678.70)

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 ₦13,881,678.70 (Thirteen million, eight hundred and eighty one thousand, six hundred and seventy eight naira, seventy kobo) was transferred to the Council's CBN Transit account.
ii. The amount in (i) above was the release of proceeds of sales of Governing Council's election forms proposed for use by the Council's Election Committee.
iii. Relevant information such as the report of the election, the date, venue and list of the Council Election Committee members were not disclosed, and
iv. No documentary evidence was produced to justify the utilization of the fund.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria,

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 Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,881,678.70 (Thirteen million eight hundred and eighty one thousand six hundred and seventy eight naira, seventy kobo), being unaccounted payments to Council's election Committee.
ii. Recover and remit the sum of ₦13,881,678.70 to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and irregular payment specified in paragraphs 3129 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: IRREGULARITIES IN CONTRACT EXECUTION (=₦52,786,852.03)

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 ₦52,786,852.03 (Fifty two million, seven hundred and eighty six thousand, eight hundred and fifty two naira, three kobo) was paid as instalment to a contractor for the supply and installation of public address system, CCTV and associated works for Block D at NIFF, Abuja.
ii. Evidence of due process in the award of the contract was not provided.
iii. Documents such as Priced/Full Bill of Quantities and Contract agreement, Adverts on National dailies for invitation to tender, bid documents/evidence of eligibility requirement and evaluation report by the Tenders Evaluation Committee were not presented for audit scrutiny, and
iv. The payments were not supported with evidence of job done such as Pictures, Store Receipt Vouchers (SRVs), Certificates of performance, etc.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria.

Risks

i. Payment for job not executed.
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 Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦52,786,852.03 (Fifty two million, seven hundred and eighty six thousand, eight

hundred and fifty two naira, three kobo), being irregular contract award and execution.
ii. Recover and remit to the Treasury, the sum of ₦52,786,852.03.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed specified in paragraph 3104(iii) of the Financial Regulations (2009) should apply.

ISSUE 5: CONTRACT SPLITTING (=₦155,700,280.90)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) (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 ₦155,700,280.90 (One hundred and fifty five million, seven hundred thousand two hundred and eighty naira, ninety kobo) was payment for additional contracts in respect of fluctuation claims for Supply and Installation of Public Address System, CCTV and associated works for NIFF, Abuja for Block A, C, and D, and
ii. The contract for the blocks was awarded in bits to separate contractors to meet the threshold and avoid approval from a higher authority.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria.

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 Registrar should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦155,700,280.90 (One hundred and fifty five million, seven hundred thousand two hundred and eighty naira, ninety kobo), being payment made for split contract.
ii. Recover and remit to the Treasury, the sum of ₦155,700,280.90.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦27,401,500.00)

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. Payments totaling ₦27,401,500.00 (Twenty seven million, four hundred and one thousand, five hundred naira) were made directly to some staff account instead of the ultimate beneficiaries, and
ii. There was no evidence to confirm that the ultimate beneficiaries received the payments from the Officers.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Abuja.

Risks

i. Misappropriation 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 Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦27,401,500.00 (Twenty seven million four hundred and one thousand five hundred naira), being payment made to persons other than the beneficiaries.

ii. Recover and remit to the Treasury, the sum of ₦27,401,500.00.
iii. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 7: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦109,531,974.11)

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. The Council paid the sum of ₦34,184,087.92 (Thirty four million, one hundred and eighty four thousand, eighty seven naira, ninety two kobo), for residency fee and supervision of projects.
ii. Another sum of ₦75,347,886.19 (Seventy five million, three hundred and forty seven thousand, eight hundred and eighty six naira, nineteen kobo) was paid for Consultancy services on Mechanical/Electrical and project management.
iii. The total amount paid from (i) and (ii) above was ₦109,531,974.11 (One hundred and nine million, five hundred and thirty one thousand, nine hundred and seventy four naira, eleven kobo), and
iv. The relevant supporting documents such as quotations of other bidders, technical evaluation, financial evaluation etc. to show that due process was followed, were not provided for scrutiny nor attached to the payment vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Abuja.

Risks

i. Award of contract to incompetent contractor.
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 Registrar should be requested to:
i. Account to the Public Account Committee of National Assembly, the sum of ₦109,531,974.11 (One hundred and nine million, five hundred and thirty one thousand, nine hundred and seventy four naira, eleven kobo), paid for contracts awarded without due process.
ii. Recover and remit to the Treasury, the sum of ₦109,531,974.11.
iii. Forward evidence of remittance to the Public Account Committee of 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 8: IRREGULAR PAYMENT OF ESTACODE (=₦23,881,354.00)

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.

Audit observed that:
i. The sum of ₦23,881,354.00 (Twenty three million, eight hundred and eighty one thousand, three hundred and fifty four naira) was paid by the council as Estacode for various foreign travels.
ii. Letter of Invitation from the organizers of the various programmes purportedly attended were not produced nor attached to the payment vouchers, and
iii. Evidence of participation of the delegates to the program such as report, air tickets, boarding pass etc. were not produced for verification.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Abuja.

Risks
i. Diversion of government 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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦23,881,354.00 (Twenty three million eight hundred and eighty one thousand three hundred and fifty four naira) being irregular payment for foreign travels.
ii. Recover and remit to the Treasury, the sum of ₦23,881,354.00.
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 9: CONVERSION OF OFFICIAL VEHICLE TO PERSONAL USE BY FORMER REGISTRAR

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 vehicles Register and other vehicle documents maintained by the Council revealed that a Land cruiser was still in the possession of the Former Registrar, and
ii. The Former Registrar/CEO neither handed over nor returned the vehicle assigned to him to the Council as at the time of leaving service/ employment of the Council. All efforts to retrieve the vehicle by the management proved abortive.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Abuja.

Risks

i. Loss of government asset.
ii. 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 recommendation

Recommendations

The Registrar should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why the former Council Registrar went away with government vehicle.
ii. Recover the vehicle from the former Council Registrar.
iii. Provide and forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and non-payment for use of government property in paragraphs 3129 and 3113 of the Financial Regulations (2009) respectively, should apply.

ISSUE 10: UNDUE INTERFERENCE BY THE PARENT MINISTRY

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 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…" In addition, 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."

Audit observed that:

i. One (1) motor vehicle could not be produced for inspection on the excuse that the vehicle was retained by the Federal Ministry of Transport.
ii. There was no official document showing exchange of these vehicles between the Council and Ministry, and
iii. The Ministry used its supervisory powers over the Council to hijack the vehicle for its use.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Abuja.

Risks

i. Waste of government fund.
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 recommendation

Recommendations

The Registrar should be requested to:

i. Recover the vehicle from the Ministry at the exact value when it was taken away, or 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 specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 11: ILLEGAL CUSTODY OF GOVERNMENT MOTOR VEHICLES

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. Three political office holders in the Council and Former Council Chairman have in their possession, the Council's vehicles as shown in the Table below, and

S/N	MAKE /YEAR	COLOUR	ENGINE NO	CHASIS NO	LOCATION
1	Toyota Hilux: (2018)	White	2TR MT-2595157	MROHXCD5G1348443	Kano
2	Toyota Hilux-(2018)	White	2TR MT-2593029D	MROHX8CD2J1384954	
3	Toyota Camry (2018)	Red	D111861A25	4T1B11H0JU580364481	Kano

ii. The former political office holders in the Council and Former Council Chairman withheld the assets at the end of their tenures thereby violating extant regulations regarding ownership of assets procured with tax payers' money.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Abuja.

Risks

i. Loss of government asset.
ii. Conversion of government vehicles to personal 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 Registrar should be requested to:

i. Recover the vehicles from the Officers at the exact value at the time they were taken away, or 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 in paragraphs 3129 and 3113 of the Financial Regulations (2009) respectively, should apply.

ISSUE 12: UNRECOVERED VEHICLES OF THE COUNCIL SEIZED BY THE NIGERIAN CUSTOMS SERVICE

Description of Findings

Section 37(1) of Customs and Excise Management Act (CEMA) (2004) states, "Except as permitted by or under the customs laws, no imported goods shall be delivered or removed on importation until the importer has paid to the proper officer any duty chargeable thereon, and that duty shall, in the case of goods of which entry is made, be paid on delivery of the entry to the proper officer. Also, paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include:…(d) ensuring the safety and proper maintenance of all government assets under his care."

Audit Observed that:

i. Three (3) Toyota Hilux Vehicles belonging to the Council were seized by the Nigeria Customs Service right from the time of their purchase, as shown in the Table below, and

S/N	Description /Model	Engine No	Chassis No.	Reg. No	Allocation	Remarks
1	Toyota Hilux (2018) ash	2TR MT2592042D	MROHXCDJ0927 286	19H-11FG	Seized by customs	In good condition
2	Toyota Hilux (2018) black	2TR FE 2694	MROHX8CDXKI3 88722	19H-35FG	Seized by Customs	In good condition
3	Toyota Hilux (2017) white	2TRFEN 2694cc	MRHX8CD5KO93 2288	19H-FG	Seized by customs	In good condition

ii. The seizure was allegedly on the ground of illegal dealing, and
iii. There was no official report or details of the illegal dealings provided to the team for scrutiny, despite repeated requests.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Abuja.

Risks

i. Diversion of public Assets.
ii. Loss of Government 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 Registrar should be requested to:

i. Explain to the Public Accounts Committees of the National Assembly, why three (3) Toyota Hilux Vehicles were seize by the Nigeria Customs Service.
ii. Recover the vehicles and furnish evidence of recovery to 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 13: POOR EXECUTION OF CONTRACT (=₦98,746,711.25)

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 the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" Furthermore, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. A company was awarded the contract for the Construction of Output Office at Port Harcourt International Airport, Rivers State at a total contract sum of ₦98,746,711.25 (Ninety eight million, seven hundred and six thousand seven hundred and eleven naira twenty five kobo) through award letter Ref. No. CRFFN/PROC/1/26 dated 28th August, 2017.

ii. The company in (i) above was owned by former Senate Committee Chairman on Land Transport. In the course of executing the above contract, the Council engaged the services of various consultants for the supervision and monitoring of the building.
iii. The total amount paid to each consultant for services rendered was not provided for examination.
iv. The project was fraught with the following deficiencies during on site inspection conducted on the 12th July, 2023:

a. Most parts of the outpost Office building were on the verge of collapse and was highly risky for the staff.
b. The dilapidated structure is unsafe for office use as at the time of physical inspection by the audit team.
c. There was no proper environmental/soil texture analysis before the commencement of the building.
d. The project was poorly done since inception. The staff occupying the building are in complete fear of its collapse anytime.
e. The building was with serious defects such as highly cracked walls and leaking roofs.
f. The Consultants engaged for various supervision services rendered inefficient /poor job. Thus, there appears to be no value for money spent on this project.

The above anomalies could be attributed to weaknesses in the internal control system at the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Abuja.

Risks

i. Procurement of substandard good or services.
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 Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦98,746,711.25 (Ninety eight million, seven hundred and six thousand, seven hundred and eleven naira, twenty five kobo), being payments for contracts not executed.
ii. Recover and remit to the Treasury, the sum of ₦98,746,711.25.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, apply sanctions relating to payments for poor quality of work specified in paragraphs 3105 of the Financial Regulation (2009) should apply.

NATIONAL ELECTRICITY LIABILITY MANAGEMENT LTD/GTE (NELMCO), ABUJA.

At the National Electricity Liability Management Ltd/GTE, (NELMCO), Abuja, for the period ended 1st January to 31st December, 2023, the following observation was made :

ISSUE 1: NON-DEDUCTION AND REMITTANCE OF 1% STAMP DUTY (=₦15,839,605.95)

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 ₦15,839,605.95 (Fifteen million, eight hundred and thirty nine thousand, six hundred and five naira, ninety five kobo) was reported as being unremitted Stamp Duty tax in the Management Letter, and
ii. The sum of ₦33,171,932.74 (Thirty three million, one hundred and seventy one thousand, nine hundred and thirty two naira, seventy four kobo) was reported as being unremitted PAYE tax deducted in the Management Letter during the year 2023.

The above anomalies could be attributed to weaknesses in the internal control system at the National Electricity Liability Management LTD/GTE, (NELMCO), Abuja.

Risks

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

Management's Response

PAYE is a direct deduction from source (IPPIS) which is the staff monthly salary. Also, the stamp duty deducted for the said period which amounts to ₦15,839,605.95 was duly remitted. Evidence of REMITA mandates attached.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,839,605.95 (Fifteen million, eight hundred and thirty nine thousand, six hundred and five naira, ninety five kobo), being unremitted 1% Stamp Duty by the Company.
ii. Provide and remit the sum of ₦15,839,605.95 to the relevant tax authority.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to failure to collect government revenue specified in paragraph 3112 (i) of the Financial Regulations (2009) should apply.

NEWS AGENCY OF NIGERIA

At the News Agency of Nigeria, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦10,894,984.74)

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 Agency generated the sum of ₦155,579,938.96 (One hundred and fifty five million, five hundred and seventy nine thousand, nine hundred and thirty eight naira, ninety six kobo) as Internally Generated Revenue in 2023.
ii. 25% of the amount generated in (i) above was ₦38,894,984.74 (Thirty eight million, eight hundred and ninety four thousand, nine hundred and eighty four naira, seventy four kobo) which was to be remitted to the CRF, and
iii. The sum of ₦28,000,000.00 (Twenty eight million naira) was remitted leaving a balance of ₦10,894,984.74 (Ten million, eight hundred and ninety four thousand, nine hundred and eighty four naira, seventy four kobo) unremitted.

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

Risks

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

Management's Response

Management is aware of the unremitted fund and will intensify effort in defraying it.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,894,984.74 (Ten million, eight hundred and ninety four thousand, nine hundred and eighty four naira, seventy four kobo), being unremitted internally generated revenue.
ii. Recover and remit to the Treasury, the sum of ₦10,894,984.74.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 (ii) of the Financial Regulations (2009) should apply.

ISSUE 2: PROCUREMENT AND INSTALLATION OF ICT FACILITIES WITHOUT NITDA CLEARANCE (=₦16,673,250.00)

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 Authority engaged two contractors for the procurement and installation of ICT facilities amounting to ₦16,673,250.00 (Sixteen million, six hundred and seventy three thousand, two hundred and fifty naira), and
ii. The procurement in (i) above was done without approval from NITDA.

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

Risks

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

Management's Response

Management has noted the observation and will take necessary measures to ensure compliance.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,673,250.00 (Sixteen million, six hundred and seventy three thousand, two hundred and fifty naira), being procurement and installation of ICT projects without NITDA approval.
ii. Recover and remit to Treasury, the sum of ₦16,673,250.00.
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 3: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCE ABOVE THRESHOLD (=₦4,074,000.00)

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." 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 ₦4,074,000.00 (Four million and seventy four thousand naira) was granted as cash advances to some officers of the agency for purchases and other transactions.
ii. The amount granted as cash advance were in excess of the approved threshold of ₦200,000.00, and
iii. The action in (i) above resulted in the loss of ₦531,675.00 (Five hundred and thirty one thousand, six hundred and seventy 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 News Agency of Nigeria.

Risks

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

Management's Response
The payments were not cash advance to staff but direct purchase due to exigency.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,074,000.00 (Four million and seventy four thousand naira), being payments to staff in circumvention of procurement process.
ii. Recover and remit to the Treasury, the sum of ₦4,074,000.00.
iii. Forward evidence of remittances 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.

NIGERIA SOCIAL INSURANCE TRUST FUND (NSITF)

At the Nigeria Social Insurance Trust Fund (NSITF), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: 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 and the Accountant General not later than 31st May of the following year of Account."

In spite of the above extant regulations:
i. The Nigeria Social Insurance Trust Fund (NSITF) failed to submit its 2022 and 2023 Audited Financial Statements and Management Letter to the Auditor-General for the Federation, and
ii. No justifiable reason was given for the non-submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Social Insurance Trust Fund (NSITF).

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

Management's Response
The audited account for the year 2019 – 2021 has been submitted to your office – see appendix 1

While the audited account for 2022 is being finalized and shall be submitted immediately.
See appendix 1b.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Managing Director should be requested to:
i. Submit the audited financial statements, in respect of 2022 to 2023 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: PAYMENT OF MOBILZATION FEE WITHOUT EVIDENCE OF PERFORMANCE (=₦409,888,800.00)

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 412 of the FR (2009) states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" In addition, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The sum of ₦1,366,296,000.00 (One billion, three hundred and sixty six million, two hundred and ninety six thousand naira) was approved by the Federal Executive Council for the procurement of E-NSITF digitalization/automation for the activities, processes and enterprise business suite with four (4) months completion period.
ii. The contractor was paid 30% mobilization fee of ₦409,888,800.00 (Four hundred and nine million, eight hundred and eighty eight thousand, eight hundred naira) which was supported by a one-year conditional guarantee instead of the unconditional advance payment guarantee stipulated by the procurement ACT 2007 and other extant regulations.
iii. Two years after the award of this contract and over 18 months after the expected

delivery/completion period, there is no proof of the contract having been executed, and

iv. The required 13.5% taxes totaling ₦51,474,407.45(Fifty one million, four hundred and seventy four thousand, four hundred and seven naira, forty five kobo), representing 7.5% Value Added Tax, 5% Withholding Tax, and 1% Stamp Duty, were not deducted from the payment in (ii) above, for onward remittance to the Federal Inland Revenue Service(FIRS).

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Social Insurance Trust Fund (NSITF)

Risks

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

Management's Response

Regarding the mobilization/advance guarantee for the infrastructure suite procurement, it is noted that a different broker issued the APG certificate and was believed to be genuine, however, further verification on the genuineness of all APGs issued by potential bokers will be carried out henceforth.
See appendix 11(b) as attached.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦409,888,800.00 (Four hundred and nine million, eight hundred and eighty eight thousand, eight hundred naira), paid as mobilization fee for Contract without evidence of performance.
ii. Recover and remit to the Treasury, the sum of ₦409,888,800.00.
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 irregular payment specified in paragraphs 3104 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: PAYMENT OF MOBILIZATION FEE WITH DOUBTFUL EVIDENCE OF EXECUTION(=₦448,510,200.00)

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 the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case

of work, that it has been properly done…" Furthermore, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied." In addition, paragraph 3104(i) of the FR (2009) states, "Where a contractor or a supplier who is paid mobilisation fee for a job fails to perform after collecting the fee, he shall be given 30 days notice to refund the money failing which the mobilisation fee shall be recovered enbloc from the contractor or supplier and such contractor shall be black listed and referred to the Economic and Financial Crimes Commission for prosecution."

Audit observed that:

i. Contract for the procurement of E-NSITF Digitalization/Automation of the Activities, Processes and Enterprise (Infrastructure for the NSITF=Lot2A) was awarded to a company for the sum of ₦1,495,034,000.00 (One billion, four hundred and ninety five million, thirty four thousand naira) vide award letter Ref. No. NSITF/AC/PROC/5/S/11/2021/0802 dated 25th April, 2022, with a duration of six (6) weeks.
ii. The contractor was paid 30% mobilization fees of ₦448,510,200.00 (Four hundred and forty eight million, five hundred and ten thousand, two hundred naira) providing a one year conditional Advance Payment Guarantee(APG) instead of unconditional APG as required by Public Procurement Act, 2007.
iii. After eighteen (18) months of the expected completion period for the contract, there was no evidence that the contract was executed, as no evidence that further payment was made to the contractor in addition to the mobilization fee, and
iv. 13.5% of the amount in (ii) above, representing 7.5% Value Added Tax, 5% Withholding Tax, and 1% Stamp Duty amounting to ₦56,324,536.74 (Fifty six million, three hundred and twenty four thousand, five hundred and thirty six naira, seventy four kobo) was not deducted and remitted to the Federal Inland Revenue Service (FIRS)

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Social Insurance Trust Fund (NSITF).

Risks

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

Management's Response

It was decided that the E-NSITF project has failed to meet critical requirements such as project delivery timeliness, workflow automation and user department satisfaction. See appendix 11(c) as attached

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦448,510,200.00 (Four hundred and forty eight million, five hundred and ten

thousand, two hundred naira), being payment of mobilization fee with doubtful evidence of execution.

ii. Recover and remit the sum of ₦448,510,200.00 to the Treasury.

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

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

INDEPENDENT NATIONAL ELECTORAL COMMISSION (INEC), ABUJA.

At the Independent National Electoral Commission (INEC), Abuja, for the 1st January to 31st December, 2022, the following observations were made:

ISSUE 1: IRREGULARITIES IN THE PROCUREMENTS AND PAYMENTS OF ELECTORAL EQUIPMENT/MATERIALS (=₦112,155,597,845.00)

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 708 of the FR (2009) states, “On no account should payment be made for services not yet performed or for goods not yet supplied.” In addition, paragraph 603(i) of the FR (2009) states, “All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc.”

Audit observed that:

i. The Commission procured Ballot Boxes, Electoral Devices, Items and materials totaling ₦112,155,597,845.00 (One hundred and twelve billion, one hundred and fifty five million, five hundred and ninety seven thousand, eight hundred and forty five naira).

ii. These procurements were made using the Direct Procurement Method without the required procurement due process such as competitive bidding or obtaining a “No Objection” from the BPP.

iii. The Commission, sought the approval of Mr. President under section 15(2) of the Procurement Act, 2007, relating to National defence or National Security when there is no nexus between the electoral items procured and defence items itemised under section 15(2) of the Procurement Act, 2007.

iv. The procured ballot boxes and card readers though sensitive electoral items, cannot be classified as security items under section 15(2).

v. The contracts were awarded to companies whose competences, experience, capacities, addresses and factory locations, etc were neither known nor stated in the procurement documents.
vi. Evidence of procurement due process for the procured items were not made available and the items were also not verified by the internal audit department, and
vii. The contract sums were above the approval threshold of the Commissions` Tender Board and there was no evidence of approval from the Federal Executive Council (FEC).

The above anomalies could be attributed to the weaknesses in the internal control system at the Independent Electoral Commission (INEC) Abuja.

Risks

i. Procurement compromise.
ii. Contract inflation.
iii. Diversion of public funds.

Management's Response

- Due to the nature of procurement, the Commission sought and obtained approval President before embarking on the project.
- Ballot Boxes are classified by the Commission as sensitive material and treated as such. More so, there are hidden security features embedded in the boxes which are not visible to anybody.
- The Successful Companies were selected based on verifiable records of their performances in similar contracts. Also were recommended by the reports of Technical Committee that visited their facilities.
- There is verifiable evidence of capacity to deliver from the Annual turnovers of those companies.
- The items were delivered to designated locations for delivery. This is for ease of distribution.
- All required due process records for the procurement are contained in the project file.

Auditor`s Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Chairman of the Commission should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦112,155,597,845.00 (One hundred and twelve billion, one hundred and fifty five million, five hundred and ninety seven thousand, eight hundred and forty five naira), being irregular procurement and payment of electoral equipment.
ii. Recover and remit to the Treasury the sum of ₦112,155,597,845.00
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 2: IRREGULARITIES IN THE PROCUREMENT OF VEHICLE (=₦1,058,925,000.00)

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 708 of the FR (2009) states, “On no account should payment be made for services not yet performed or for goods not yet supplied.” In addition, paragraph 603(i) of the FR (2009) states, “All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc.”

Audit observed that:

i. The contract for the supply of Toyota Prado TXL 2021 Model was awarded to a company for the sum of ₦1,058,925,000.00 (One billion, fifty eight million, nine hundred and twenty five thousand naira) with a three (3) week completion period using the direct procurement method.
ii. Evidence of procurement due process such as advertisement, competitive bidding, bid evaluation, No Objection from BPP, etc. were not provided, and
Iii. There was no evidence of approval from the Federal Executive Council (FEC) or any other authority as the amount was above the Commission's threshold.

The above anomalies could be attributed to the weaknesses in the internal control system at the Independent Electoral Commission (INEC) Abuja.

Risks

i. Concealment of procurement from BPP and Federal Executive Council.
ii. Inflation of contracts.
iii. Loss of public funds.

Management’s Response

- The Due process Certificate of 'No Objection' for the award of contract for the supply and delivery of 43nos Operational/Logistics Vehicles was granted by the Bureau of Public Procurement (BPP) vide letter of 28th April, 2022 with Ref. No. BPP/RPT/22/Vol.I.012. (see attached).
- In line with the above, Commission subsequently sought and obtained approval from the President.
- The Commission followed due process in awarding its contracts as all necessary processes were followed such as advertising, bid evaluation before any contracts are awarded.

Auditor`s Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Chairman of the Commission should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,058,925,000.00 (One billion, fifty eight million, nine hundred and twenty five thousand naira), paid for procurement of motor vehicles without approval of the Federal Executive Council and a verifiable procurement due process.
ii. Recover and remit the sum ₦1,058,925,000.00 to the Treasury.
iii. Forward the 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 3: EXECUTION OF CONTRACTS BEFORE AWARD (=₦3,136,806,050.00)

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." Furthermore, paragraph 603(1) of the FR (2009) states, "all vouchers shall contain full particulars of each service, such as date, numbers, qualities, distance 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 Reports, special letters to authority, time sheets etc."

Audit observed that:

i. Payments for four (4) contracts totaling ₦3,136,806,050.00 (Three billion, one hundred and thirty six million, eight hundred and six thousand and fifty naira) was made by the Commission for supply of various materials.
ii. Evidence of procurement due process such as advertisement, biding, bid evaluation and other procurement records were neither attached to the payment records nor provided for audit.
iii. The contracts in (i) above were executed prior to the date of award as shown in the Table below, and

S/N	DESCRIPTION	Date/Pv No	AWARD REF & DATE	DELIVERY DATE/ STORE RECORDS	AMOUNT (₦)	REMARKS
1	Production and supply of Braille Ballot Guide needed for Ekiti state Gov.	9/9/2022 2022/334ER	INEC/DG&I/60/I/43 dated 4th/7/22	15-06-2022 Vide SRV: 325	4,992,000.00	1. Contract was awarded on 4th of July 2022, whereas supply was purportedly made on 15th June 2022.

	election to INEC HQs.					2. Contract was accepted on 25th July, 2022 whereas confirmation of contract delivery had been made since 19th July, 2022.
2	Printing and supply of sensitive materials (result sheets & others) to INEC office for 2022 Ekiti east constituency's election.	9/28/2022 2022/350ER	INEC/HQ/PROC/EOPs/S.246/I/37 dated 12/8/22	09-06-2022 Vide Invoice N0: 0001919	3,017,250.00	Items were delivered on 9/6/22 while award was made on 12/8/22, almost two months later. The contract was accepted on 24/8/22 more than two months after supply.
3	Printing and supply of Appointment letters & others for the above election.	9/28/2022 2022/346ER	INEC/HQ/PROC/EOPs/S.246/I/38 dated 22/9/22	09-06-2022 Vide delivery note N0: 000625	3,796,800.00	Items were delivered on 9/6/22 while award was made on 12/8/22, almost two months later. The contract was accepted on 24/8/22 more than two months after supply.
4	Production and supplied 5,000,000 pieces of Permanent Voters Cards	2022/1714ER dated 18/10/2022	Contract acceptance date 30/11/2021	Delivery notes -1048 dated 26/10/2021 and 1050 dated 31/10/2021	3,125,000,000.00	Delivery notes -1048 dated 26/10/2021 and 1050 dated 31/10/2021 shows that items were delivered before the contract was accepted on 30/11/2021.
					3,136,806,050.00	

Source: Extract from paid vouchers and documents.

iv. The action in (iii) above cast doubt on the regularity, validity and genuineness of the procurement expenditure of the Commission.

The above anomalies could be attributed to the weaknesses in the internal control system at the Independent Electoral Commission (INEC) Abuja.

Risks

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

Management's Response

- The required due process was followed in both process and award of contract.
- There is proof of compliance with relevant procurement laws.
- Those items are classified as sensitive election materials which are usually processed through direct procurement. The Commission has pool of prequalified Security Printing firms which are used for such printing.
- Contracts for printing and supply of Ballot papers and Results sheets are usually processed and award after the election when the actual quantity and number of political parties that participated are already determined.

- Due to exigency, and late supply of materials to the Commission, the Commission were always directed the contractors to go ahead with the printing of election materials pending the award of contract letters so as guide against late supply of goods and materials.

Auditor`s Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Chairman of the Commission should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,136,806,050.00. (Three billion, one hundred and thirty six million, eight hundred and six thousand and fifty naira), being payment for contracts executed before award.
ii. Recover and remit the sum of ₦3,136,806,050.00 to the Treasury.
iii. Forward the 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: SPLITTING OF CONTRACTS TO CIRCUMVENT PROCUREMENT PROCEDURES (=₦9,245,965,502.60)

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 Commission awarded contracts to twenty two (22) contractors in piecemeal for the procurement of the same type of goods and services totalling ₦9,245,965,502.60 (Nine billion, two hundred and forty five million, nine hundred and sixty five thousand, five hundred and two naira, sixty kobo).
ii. The split contracts were awarded on the same day and in many cases delivered on the same day.
iii. The contracts awarded, were not supported with evidence of need assessment by the Commission, and
iv. The contracts were split to circumvent the approval threshold provisions as regards the limit of the authority of the Accounting Officer and the Tender Board for contract award.

The above anomalies could be attributed to weaknesses in the internal control system at the Independent Electoral Commission (INEC) Abuja.

Risks

i. Payment for items not supplied.
ii. Contract Inflation.
iii. Loss of public funds.

Management's Response

- Observation noted.
- The production and supply of the EC.50 series was awarded to different printers because the items were not the same yet, they all belong to EC 50 series envelopes same just as the description for each of the envelopes and there were used for different purposes
- All project of the Commission was duly approved by the Commission's Tenders Board and confirmed by the Commission as required according to approved thresholds.
- Commission did not split contract. Thus, those items were supplied into different locations in the country.
- Issue of same contractors are noted, and will be corrected in the future.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Chairman of the Commission should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,245,965,502.60 (Nine billion, two hundred and forty five million, nine hundred and sixty five thousand, five hundred and two naira sixty kobo), being payment for split contract.
ii. Recover and remit to the Treasury, the sum of ₦9,245,965,502.60
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: PAYMENT OF REIMBUSABLE EXPENSES WITHOUT EVIDENCE OF UTILIZATION (=₦129,375,000.00)

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 708 of the FR (2009) states, “On no account should payment be made for services not yet performed or for goods not yet supplied.” In addition, paragraph 415 of the FR (2009) states, “The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.” 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. A request for engagement of nineteen (19) Accounting Firms for the financial audit of the Commission's Accounts for three years (2018, 2019 and 2020) was made.
ii. The contract for the service was awarded to the firms for a total contract sum of ₦388,125,000.00 (Three hundred and eighty eight million, one hundred and twenty five thousand naira) but inclusive of reimbursable expenditure of ₦129,375,000.00 (One hundred and twenty nine million, three hundred and seventy five thousand naira).
iii. The reimbursable expenditure component included in the contract were paid along with the audit fees without evidence of utilization, and
iv Evidence of requests and expenditures for the reimbursable component of the contract by the consultants/Accounting Firms was neither attached to the payment records nor provided for audit.

The above anomalies could be attributed to the weaknesses in the internal control system at the Independent Electoral Commission (INEC) Abuja.

Risks

i. Contract padding.
ii. Payment for work not done.
iii. Diversion of public funds.

Management’s Response

- There is evidence of utilization of reimbursement expenses from the contractors before such amounts were paid.
- There is documentary evidence of utilization of the said amount from the audit firms.
- There is nothing like contract padding as the award was done transparently.
- All audit work were done with a certificate of completion from the audit firm. Issues of payment for work done did not arise.

Auditor’s Evaluation

The Management’s response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Chairman of the Commission should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦129,375,000.00 (One hundred and twenty nine million, three hundred and

seventy five thousand naira), being reimbursable expenses paid without evidence of utilisation.

ii. Recover and remit to the Treasury, the sum ₦129,375,000.00.

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 6: IRREGULARITIES IN THE AWARD AND PAYMENT OF CONTRACT FOR ACCREDITATION DEVICES (=₦504,492,641.00)

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 708 of the FR (2009) states, "On no account should payment be made for services not yet perform or for goods not yet supplied."

Audit observed that:

i. The sum of ₦504,492,641.00 (Five hundred and four million, four hundred and ninety two thousand, six hundred and forty one naira) was awarded to a consultant for the procurement of accreditation devices.

ii. Evidence of procurement due process such as advertisement, biding, bid evaluation etc. and ratification by NITDA for the appropriateness of the solution and whether the solution provider has the technical competence to deliver this service were not provided.

iii. The Commission adopted direct procurement method without evidence of "No Objection" from the BPP for the use of the method.

iv The software which was procured has a validity period of four (4) months only, from February to May 2023, thus raising the question as to the economy of the procurement and whether government received value for the expenditure.

iv. The contract was awarded on 13th July, 2022, a job completion certificate was raised on 8th August, 2022, for payment, while the license key was delivered on 1st February, 2023, and

v. The advance payment bank guarantees (APG) provided by the contractor did not serve the purpose because it expired on 9th November, 2022, before the delivery of the security license key on 1st February, 2023.

The above anomalies could be attributed to the weaknesses in the Internal Control system at the Independent Electoral Commission (INEC) Abuja.

Risks

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

Management's Response

- ❖ Observation is noted.
- ❖ Further corrections will be done in subsequent activities.
- ❖ The software was used for 2023 general election and it was satisfied okay by the user department for the period.
- ❖ The advance payment guarantee (APG) provided by the contractor serves as the purpose. However, the observation is noted for future corrections.

Auditor`s Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Chairman of the Commission should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦504,492,641.00 (Five hundred and four million, four hundred and ninety two thousand, six hundred and forty one naira), being payment for software without procurement due process and approvals.
ii. Recover and remit to the Treasury, the sum ₦504,492,641.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly,
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 7: AWARD OF CONTRACT TO UNQUALIFIED CONTRACTORS (=₦235,103,000.00)

Description of Findings

Section 23(1) of the Public Procurement Act (PPA) (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 qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…." In addition, paragraph 50.2 of Procurement Procedures Manual states "…. compliance with the following requirements should be examined using the bidding documents as the reference point: *Stage 1:* To ascertain whether: The bidder is eligible - Example: (a)The

bidder shall not be blacklisted; (b) In case of goods, works and consultancy contracts the domestic bidder should have required CAC registration; Tax Clearance Certificate, comply with Pension Fund and Industrial Training Fund (ITF) contributions…."

Audit observed that:

i. The Commission awarded contracts for the supply of sleeping mats to a company, and the supply of Digital Archiving of Finance and Account documents to another company at the contract sums of ₦226,503,000.00 and ₦8,600,000.00 respectively, both totaling ₦235,103,000.00 (Two hundred and thirty five million, one hundred and three thousand naira).
ii. The company that supplied the sleeping mats, was registered on 13th August, 2021 and at the time of the contract award, had a zero-year tax assessment, thus did not meet the minimum prequalification criteria.
iii. The NSITF Certification presented by the same contractor revealed that the company paid for the ECS-(employee compensation) for three (3) employees in 2020 before the company was incorporated by CAC on 13th August, 2021.
iv. The quotation from the contractor was neither attached nor provided, and
v. The pre-qualifications records attached to the payment records expired before the time of the contract award.

The above anomalies could be attributed to the weaknesses in the internal control system at the Independent Electoral Commission (INEC), Abuja.

Risks

i. Supply of sub-standard goods and services.
ii. Loss of government fund.

Management's Response

- Observation is noted.
- Further corrections will be done in subsequent activities.

Auditor`s Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Chairman of the Commission is requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦235,103,000.00 (Two hundred and thirty five million and one hundred and three thousand naira), paid to ineligible Contractors.
ii. Recover and remit to the Treasury, the sum ₦235,103,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly,
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

SECTION 3

EDUCATION & RESEARCH INSTITUTIONS AUDIT DEPARTMENT (ERIAD)

FEDERAL MINISTRY OF EDUCATION, ABUJA

At the Federal Ministry of Education, Abuja, for the period January to December, 2022, the following observations were made:

ISSUE 1: EXTRA BUDGETARY EXPENDITURE (=₦1,277,048,272.62)

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." 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 Ministry paid the sum of ₦1,277,048,272.62 (One billion, two hundred and seventy seven million, forty eight thousand, two hundred and seventy two naira, sixty two kobo) to three (3) contractors for the Construction of Multi-Purpose Hall at the Lagos State University, Construction of One-Suspension Floor Extension Office for the National Senior Secondary Commission (NSSEC) Abuja and Completion of On-Going Special Education Support Infrastructure (Vibro floating Soil Stabilization) at University of Lagos.
ii. There were irregularities in the award and payment of the contracts highlighted in (i) above, as the projects were not in the 2022 Appropriation Act, hence, not approved by the National Assembly, and
iii. The Ministry used different votes to effect the payments as indicated in the remarks of each project.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,277,048,272.62 (One billion, two hundred and seventy seven million, forty eight

thousand, two hundred and seventy two naira, sixty two kobo), being payments for contracts not provided for, in the Appropriation Act.

ii. Recover the sum of ₦1,277,048,272.62 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 award of contracts specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 2: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY GENERAL OF THE FEDERATION (=₦28,920,000.00)

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 Ministry paid three (3) Legal Firms the sum of ₦28,920,000.00 (Twenty eight million, nine hundred and twenty thousand naira) between 1st January and 20th December, 2022 to handle various legal cases between the Ministry and other parties.

ii. The payments also covered consultancy services for the perfection of title deed at FSTC Otukpo and FGC Otobi in Benue State, and drafting of Legislation to establish National Commission for Cultural Organisation (NATCOM-UNESCO) Bill, and

iii. The engagement of the Solicitors and the subsequent payments were made without evidence of prior consent and approval of the Attorney-General of the Federation, as required by extant circulars.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

Risks

i. Engagement of inexperienced/unqualified solicitors.

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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦28,920,000.00 (Twenty eight million, nine hundred and twenty thousand naira), being payment for the engagement of external solicitors without the approval of the Honourable Attorney-General of the Federation.
ii. Recover the sum of ₦28,920,000.00 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 3: IRREGULARITIES IN THE EXECUTION AND PAYMENT OF CONTRACTS THROUGH POWER OF ATTORNEY (=₦1,744,600,860.59)

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;" Furthermore, section 20(2) of the PPA (2007) states, "The accounting officer of every procurement entity shall have overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…" Also, paragraph 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…"

Audit observed that:

i. The sum of ₦1,744,600,860.59 (One billion, seven hundred and forty four million, six hundred thousand, eight hundred and sixty naira, fifty nine kobo), was paid to thirty (30) contractors for forty three (43) contracts awarded to original contractors but paid to different contractors via Power of Attorney.
ii. No written letter was received by the Ministry from the original contractors transferring their contracts to the new beneficiaries. This was against the signed agreement between the Ministry and original contractors, and
iii. There was no evidence that the new contractors paid had executed previous jobs in that area of specialisation, which may have necessitated the transfer. This action puts the competency to deliver on the contracts in doubt and thereby suggests that the Ministry did not carry out due diligence in the process of selecting these contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

Risks

i. Poorly executed contracts.
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,744,600,860.59 (One billion, seven hundred and forty four million, six hundred thousand, eight hundred and sixty naira, fifty nine kobo), being payment through power of attorney in violation of contract terms and conditions.
ii. Recover the sum of ₦1,744,600,860.59 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 4: PAYMENTS FOR LEGAL REPRESENTATIONS WITHOUT SUPPORTING DOCUMENTS (=₦4,835,698.00)

Description of Findings

Paragraph 603 of 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 be checked without reference to any other documents, and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR (2009) states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Ministry paid the sum of ₦4,835,698.00 (Four million, eight hundred and thirty five thousand, six hundred and ninety eight naira) for legal representation at various legal suits against the Ministry, vide eleven (11) payment vouchers, and
ii. There were no evidences attached to the payment vouchers to validate the payments made. Court summons and Certified True Copy of the Judgment, showing if there was an adjournment, were not sighted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

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 Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,835,698.00 (Four million, eight hundred and thirty five thousand, six hundred and ninety eight naira), being payment without relevant supporting documents attached to payment vouchers.
ii. Recover the sum of ₦4,835,698.00 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 payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 5: UNRETIRED SPECIAL ADVANCES (=₦711,816,853.43)

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 of the FR (2009) states, "It is the responsibility of all Accounting officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:
i. Two hundred and twenty (220) special cash advances totaling ₦711,816,853.43 (Seven hundred and eleven million, eight hundred and sixteen thousand, eight hundred and fifty three naira, forty three kobo), granted to sixty eight (68) officers of the Ministry in 2022 remained unretired at the time of audit in 2024, and
ii. One hundred and ninety one (191) officers were granted multiple special cash advances without retiring the previous ones.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

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 Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦711,816,853.43 (Seven hundred and eleven million, eight hundred and sixteen thousand, eight hundred and fifty three naira, forty three kobo), being unretired special advances.
ii. Recover the sum ₦711,816,853.43 and remit to the Treasury.
iii. Forward the evidence remittance to Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: WAREHOUSING FUNDS FOR THE MINISTRY TO CIRCUMVENT MOP-UP AT THE END OF THE FINANCIAL YEAR (=₦1,818,262,257.38)

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

Audit observed that:
i. The Ministry transferred the sum of ₦1,318,262,257.38 (One billion, three hundred and eighteen million, two hundred and sixty two thousand, two hundred and fifty seven naira, thirty eight kobo) to the Federal Sub-Treasury account on 31st December, 2022, as payment, part-payment, second part-payment and final payment for the completion of on-going Special Education Support Infrastructure in the University of Lagos (UNILAG) in Lagos State.
ii. The Ministry, also made a similar transfer amounting to ₦500,000,000.00 (Five hundred million naira), for the provision of buses for movement of students of selected public schools in Lagos State.
iii. The sum of ₦1,318,262,257.38 and ₦500,000,000.00, being ₦1,818,262,257.38 (One billion, eight hundred and eighteen million, two hundred and sixty two thousand, two hundred and fifty seven naira, thirty eight kobo), was warehoused at the Office of the Accountant-General of the Federation for the Ministry, thereby, circumventing the federal government's policy on the mop-up of unspent balances, and
iv. The Ministry failed to provide the approval for warehousing the funds shown in the Table below and how the funds were utilized.

S/N	PAYMENT ID & DATE	PAYEE	DESCRIPTION /	AMOUNT ₦
1	1000946934-3 of 31/12/2022	FEDERAL SUB TREASURY	Being second part payment to sub treasury as funds transfer for the completion of the ongoing special education support infrs in Unilag Lagos state	500,000,000.00
2	1000946934-4 of 31/12/2022	FEDERAL SUB TREASURY	Being final part payment to sub treasury as funds transfer for the completion of the ongoing special education support infrs in unilag Lagos state	50,763,004.75
3	1000946934-5 of 31/12/2022	FEDERAL SUB TREASURY	Being part payment to sub treasury as funds transfer for the completion of the ongoing special education support infrs in unilag Lagos state	550,000,000.00
4	1000946934-6 of 31/12/2022	FEDERAL SUB TREASURY	Being payment to sub treasury as transfer of funds for the construction of special education infras in Lagos state university Lagos state	217,499,252.63
5	1000946934-7 of 31/12/2022	FEDERAL SUB TREASURY	Being final payment to sub treasury as transfer of funds for provision of buses for movement of students of selected public school in Lagos.	500,000,000.00
GRAND TOTAL				**1,818,262,257.38**

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

Risks

i. Payment for non-existent transactions.
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,818,262,257.38 (One billion, eight hundred and eighteen million, two hundred and sixty two thousand, two hundred and fifty seven naira, thirty eight kobo), being amount transferred to Sub-Treasury, without authorization and evidence of utilization.
ii. Recover the sum of ₦1,818,262,257.38 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 7: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦29,730,270.00)

Description of Findings

Paragraph 2402 of the Financial Regulations (FR) (2009) states, “On all payment vouchers for the purchase of stores, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger, quoting the Stores Receipt Voucher (SRV) number and attaching the original copy of the SRV to the original L.P.O."

Audit observed that:

i. Three (3) contractors were paid the sum of ₦29,730,270.00 (Twenty nine million, seven hundred and thirty thousand, two hundred and seventy naira) for the supply of desktop/laptop computers and classroom furniture.
ii. The unit and specification of the computers and classroom furniture were not stated, and
iii. The items purportedly procured were not taken on store ledger charge. The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦29,730,270.00 (Twenty nine million, seven hundred and thirty thousand, two hundred and seventy naira), being payment for procurement of stores without being taken on Ledger charge.
ii. Recover the sum of ₦29,730,28z70.00 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 gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 8: NON-SUBMISSION OF STAND-ALONE FINANCIAL STATEMENTS FOR 2022 FINANCIAL YEAR

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." Also, paragraph 4 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/7 dated 18th March, 2016, requires MDAs to prepare annual statutory financial reports in addition to the monthly trial balance to be submitted to Treasury. Similarly, paragraph 5.3 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/108, dated 1st December, 2016, requires each MDA to prepare IPSAS accrual basis annual statutory financial statements effective 1st January, 2016. The Circular requires all MDAs to prepare the following annual statutory financial statements:

i. Statements of Financial Performance
ii. Statements of Financial Position
iii. Cash Flow Statement
iv. Statements of Changes in Net Assets/Equity
v. Statements of Comparison of Actual and Budget
vi. Notes to the Account

The financial statements are to be forwarded to the Treasury and be in the public domain (Website, Publications, etc.) after certification by the Auditor-General for the Federation…"

In spite of the above:

i. The Ministry failed to prepare and submit to the Auditor-General for the Federation, its stand-alone financial statements for the year ended 31st December, 2022, and
ii. The Ministry's financial position, financial performance and budget performance could not be measured.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Education, Abuja.

Risks

i. Lack of transparency and accountability.
ii. Stakeholders are deprived of timely information.

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 Permanent Secretary should be requested to:

i. Present the stand-alone financial statements for the year ended 31st December, 2022 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.

FEDERAL MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION

At the Federal Ministry of Science, Technology and Innovation, for the period 1st January to 31st December, 2022, the following observations were made:

ISSUE 1: UNJUSTIFIED PAYMENT OF REMUNERATION TO CONSULTANTS (=₦130,850,000.00)

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 sum of ₦130,850,000.00 (One hundred and thirty million, eight hundred and fifty thousand naira) was paid to some consultants as remuneration to carry out consultancy services for the Ministry.

ii. There was no clear criterion used in the calculation of the consultants' remuneration, hence, unsubstantiated. For instance, the consultancy services for the establishment of pilot models and development of appropriate technological Infrastructure for Integrated W2W System awarded to a consulting firm as shown in the Table below revealed the outrageous amount paid to its personnel as remuneration for services within one and half months, and

S/N.	PERSONNEL	DURATION	REMUNERATION DATE
1	LEAD CONSULTANTS	1 MONTH & 2 WEEKS	5,000,000
2	PROJECT CONSULTANT	1 MONTH & 2 WEEKS	5,950,000
3	PROJECT ANALYSIS	2 WEEKS	2,200,000
4	PROJECT SUPERVISOR	2 WEEKS	2,200,000
GRAND TOTAL			**15,350,000**

iii. Due economy was not exercised in the engagement of these consultants.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

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 Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦130,850,000.00 (One hundred and thirty million, eight hundred and fifty thousand naira only), being payment without economy and evidence of job and services done/rendered by the consultants.
ii. Recover the sum of ₦130,850,000.00 and remit to the Treasury.
iii. Forward evidence of remittance to Public Accounts Committee 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: IRREGULARITIES IN THE PROCUREMENT OF FIRE FIGHTING VEHICLE IN ARGUNGU/AUGIE FEDERAL CONSTITUENCY, KEBBI STATE (=₦75,200,000.00)

Description of Findings
Paragraph 2904 of the Financial Regulations (FR) (2009) states, ''All procurement contracts in; ministries, extra ministerial offices and other arms of government shall be executed in a manner that shall be prescribed and allowed by the Bureau for Public Procurements."

Audit observed that:
i. The Ministry awarded a contract for the supply of one (1) no. firefighting vehicle in Argungu/Augie Federal Constituency, Kebbi State at the sum of ₦75,200,000.00 (Seventy five million, two hundred thousand naira), vide award letter Ref. No. FMSTI/PD/818/2022/1 dated 7th November, 2022.
ii. The 2022 approved budget (ERGP202201143) made provision for two (2) nos. fire fighting vehicles at the sum of ₦100,000,000.00 (One hundred million naira).
iii. The Ministry, however, procured only one (1) no. fire fighting vehicle at the sum of ₦75,200,000.00, thereby, violating the approval given by the National Assembly, and
iv. The procurement of one (1) no. fire fighting vehicle at the sum of ₦75,200,000.00 was done at an inflated price.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦75,200,000.00 (Seventy five million, two hundred thousand naira), being payment for the procurement of one (1) firefighting vehicle without recourse to the provisions of the 2022 Appropriation Act.
ii. Recover the sum of ₦75,200,000.00 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 award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 3: DOUBTFUL DISTRIBUTION OF MOTORCYCLES IN BOSSO/PAIKO FEDERAL CONSTITUENCY, NIGER STATE (=₦38,250,000.00)

Description of Findings

Paragraph 112(i) of Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency; (b) ensuring that the essential management control tools are put in place to minimize waste and fraud;" Furthermore, paragraph 415 of the FR (2009) states , "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Ministry awarded a contract for the supply of 40 Nos. LIFAN Model CG 125 Motorcycles or its equivalent to women and youth in Bosso/Paiko Federal Constituency, Niger State at the sum of ₦38,250,000.00. (Thirty eight million, two hundred and fifty thousand naira), vide award letter Ref. FMSTI/PD/822/2022/1 dated 7th November, 2022.
ii. The motorcycles were claimed to have been distributed. However, details of actual beneficiaries such as names, telephone numbers & addresses were not disclosed for audit verification and confirmation.

iii. The non-disclosure of the actual beneficiaries of these motorcycles, negates the main objective of procurement of these items, thereby, revealing lack of accountability and transparency in the award and execution of the contract, and
iv. The payment of ₦38,250,000.00 to the above contractor may not be a legitimate charge against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

Risks
i. Payment for non-existent transactions.
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.

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦38,250,000.00 (Thirty eight million, two hundred and fifty thousand naira), being doubtful payment for the procurement and distribution of forty (40) motorcycles.
ii. Recover the sum of ₦38,250,000.00 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 award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 4: AWARD OF CONTRACTS TO COMPANIES WITH INACTIVE CAC REGISTRATION STATUS (=₦269,238,556.28)

Description of Findings
Paragraph 2909 (c) of 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 among others, viz (C) they have the legal capacity to enter into the contract i.e. they are not under a receivership nor are they insolvent" Also, paragraph 16(5) of Public Procurement Act (PPA) (2007) states, "A supplier, contractor or service provider may be a natural person, a legal person or a combination of the two. Suppliers, contractors or service providers acting jointly are jointly and severally liable for all obligations and or responsibility arising from this Act and the non-performance or improper performance of any contract awarded pursuant to this Act. Furthermore, paragraph 16(6) of PPA (2007) states, "All bidders in addition to requirements contained in any solicitation documents shall: (a) possess the necessary: (i) professional and

technical qualifications to carry out particular procurements ; (ii) financial capability; (iii) equipment and other relevant infrastructure; (iv) shall have adequate personnel to perform the obligations of the procurement contracts; (b) possess the legal capacity to enter into the procurement contract."

Audit observed that:

i. The Ministry awarded contracts totaling ₦269,238,556.28 (Two hundred and sixty nine million, two hundred and thirty eight thousand, five hundred and fifty six naira, twenty eight kobo), to contractors whose companies were inactive at the Corporate Affairs Commission at the time of awarding the contracts.
ii. Due diligence was not carried out to determine the eligibility of the contractors before the contracts were awarded to them, and
iii. The contracts might have been awarded to predetermined contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

Risks

i. Award of contracts to incompetent contractors.
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦269,238,556.28 (Two hundred and sixty nine million, two hundred and thirty eight thousand, five hundred and fifty six naira, twenty eight kobo), being payment to Contractors with inactive CAC registration status.
ii. Recover the sum of ₦269,238,556.28 and remit to the Treasury.
iii. Forward evidence of remittance, to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 5: DOUBTFUL PAYMENT OF OUT-OF-POCKET EXPENSES (=₦32,412,755.00)

Description of Findings

Paragraph 713 of Financial Regulations (FR) (2009) states, "Personal money shall in no circumstances be paid into government bank account, nor shall any public money be paid into private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention.'' Furthermore, paragraph 729 of

the FR (2009) states, “Under no circumstances shall personal cheques be exchanged for cash from any government funds.”

Audit observed that:

i. The Ministry paid the sum of ₦32,412,755.00 (Thirty two million, four hundred and twelve thousand, seven hundred and fifty five naira) vide fifty four (54) payment vouchers as refund of out-of-pocket expenses incurred for various purposes ranging from purchase of working materials, repairs and others, and
ii. There was no evidence of approval by the Permanent Secretary before the officers incurred the out-of-pocket expenses. In addition, some of the expenditures were related to the purchase of store items, yet no evidence was provided to confirm that the items were received into the stores.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,412,755.00 (Thirty two million, four hundred and twelve thousand, seven hundred and fifty five naira), being doubtful payment of out-of-pocket expenses.
ii. Recover the sum of ₦32,412,755.00 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 payments specified in paragraph 3106 of the Financial Regulations (FR) (2009) should apply.

ISSUE 6: IRREGULARITIES IN THE CONSTRUCTION/DEMARCATION OF 24,000 METERS GRAZING AREAS OF CONFLICT IN THE NORTH EAST, JANGO 1, YOBE STATE (=₦81,000,000.00)

Description of Findings

Section 71(i) of the Finance Act (2020) states, “In addition to any other regulation as may be prescribed by the Bureau, a mobilization fee of not more than 30% for local contractors only may be paid to a supplier or contractor supported by an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity until the mobilization fee is fully amortized or recovered.” Also, paragraph 112(i)

of the Financial Regulations (FR) (2009) states, “The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency; (b) ensuring that the essential management control tools are put in place to minimize waste and fraud;” Furthermore, paragraph 415 of the FR (2009) states, “The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.”

Audit observed that:

i. The Ministry awarded the contract for the construction/demarcation of 24,000 meters grazing areas of Jango 1 LGA, Yobe State to a contractor at a the sum of ₦81,000,000.00 (Eighty one million naira), vide award letter ref no. FMSTI/PO/680/22/1 dated 23rd March, 2022, with six (6) months completion period.
ii. The contractor was fully paid without provision for retention fee, contrary to extant regulations.
iii. Thirty percentage (30%) mobilization fee of ₦24,300,000.00 (Twenty four million, three hundred thousand naira) was paid on the basis of the presentation of a Conditional Insurance Bond having six (6) months’ validity period.
iv. There was no valuation of work done and a consultant was not appointed to supervise the execution of the project.
v. A total provision of ₦8,184,000.00 (Eight million, one hundred and eighty four thousand naira), was made in the BOQ for plastering of the fence wall, both internal and external covering 8,184m^2, but inspection revealed that one section of the perimeter fence (i.e. the external wall) was not plastered, and
vi. A total provision of ₦9,820,000.00 (Nine million, eight hundred and twenty thousand naira) was also made to prepare and apply one undercoat and two finishing coats of emulsion paint covering 8,184m^2 at the rate of ₦1,200.00 per square meter but inspection revealed that one section of the perimeter fence wall (i.e. the external) was not painted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

Risks

i. Payment for poorly executed contracts.
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦81,000,000.00 (Eighty one million naira only), being payment to the contractor with the support of conditional insurance bond having 6 months validity period contrary to the regulation.
ii. Recover the sum of ₦81,000,000.00 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 payments specified in paragraphs 3106 of the Financial Regulations (2009) should apply.

ISSUE 7: IRREGULARITIES IN THE AWARD, EXECUTION AND PAYMENT OF CONTRACT (=₦18,216,868.00)

Description of Findings
Section 71(i) of the Finance Act (2020) states, "In addition to any other regulation as may be prescribed by the Bureau, a mobilization fee of not more than 30% for local contractors only may be paid to a supplier or contractor supported by an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity until the mobilization fee is fully amortized or recovered." Also, paragraph 112(i) of Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency; (b) ensuring that the essential management control tools are put in place to minimize waste and fraud;" Furthermore, paragraph 415 of the FR (2009) states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Ministry awarded a contract for the construction and equipping of skill acquisition centre at Dutsin-ma, Katsina State to a contractor at the sum of ₦18,216,868.00 (Eighteen million, two hundred and sixteen thousand, eight hundred and sixty eight naira), vide award letter with ref no. FMSTI/PO/788/2022/1 dated 3rd January, 2023, with eight (8) weeks completion period.
ii. The contractor was paid an initial amount of ₦5,465,060.04 (Five million, four hundred and sixty five thousand and sixty naira, four kobo), representing 30% mobilization fee. The mobilization fee was supported with a conditional insurance bond with 6 months validity period, contrary to procurement regulations.
iii. The work carried out was merely a renovation of an existing structure rather than the new construction stated in the contract. This came to light during inspection.
iv. The Ministry failed to exercise due diligence in verifying the completion of the work prior to payment, and there was no evidence of effective contract supervision.
v. The total provision of ₦5,802,500.00 (Five million, eight hundred and two thousand, five hundred naira) made in the bill of quantities (BOQ) for concrete precast, forms work, high yield steel reinforcement and additional work at the foundation of a new building was not utilized as the physical work done was renovation.

vi. Some portion of the roof of the building was leaking. This was evidenced by the stains on the ceiling.
vii. The contractor constructed a pit toilet inside the renovated building instead of a modern WC system, and
viii. The contractor claimed the job had been completed, meanwhile, the burglary proof, step at the entrance of the building, finishing work at the doors, etc., were still outstanding.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

Risks
i. Payment for work not 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 permanent secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,216,868.00 (Eighteen million, two hundred and sixteen thousand, eight hundred and sixty eight naira), being payment for a contract with irregularities.
ii. Recover the sum of ₦18,216,868.00 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 payments specified in paragraphs 3106 of the Financial Regulations (2009) should apply.

ISSUE 8: IRREGULARITIES IN THE AWARD OF CONTRACT FOR THE SUPPLY OF 2 UNITS 5-10KW METHANOL FUEL POWER GENERATORS (=₦12,750,000.00)

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

Audit observed that:
i. The Ministry awarded a contract for the supply of 2 units of 5-10kw methanol fuel power generators for methanol fuel technology implementation in 6 geo-political zones at the sum of ₦12,750,000.00 (Twelve million, seven hundred and fifty thousand naira), vide award letter ref. no. FMSTI/PD/883/2022/1/47 dated 10th

January, 2023 with two weeks' completion period. Details are contained in the Table below.

S/N	DETAILS	QTY	UNIT COST ₦	TOTAL ₦
1	5-10KW METHANOL FUEL GENERATOR	2	5,400,322.00	10,800,644.00
2	LOGISTICS	-		1,059,822.00
	SUB-TOTAL	**-**		**11,860,466.00**
	VAT 7.5%			889,534.00
GRAND TOTAL				**12,750,000.00**

ii. The submission by the Environmental Sciences and Technology (EST) Department for fiscal year 2022 showed that the unit cost of the generator was ₦4,665,940.00 (Four million, six hundred and sixty five thousand, nine hundred and forty naira) with the cost of transportation to destination of ₦1,095,820.00 (One million, ninety five thousand, eight hundred and twenty naira), thereby, bringing the total amount for the two (2) methanol generators to ₦10,427,700.00 (Ten million, four hundred and twenty seven thousand, seven hundred naira).

iii. The reviewed price by the procurement department, when compared with the submission by the Environmental Sciences and Technology (EST) department showed that the reviewed price by the procurement department was highly inflated, with a difference of ₦2,322,300.00 (Two million, three hundred and twenty two thousand, three hundred naira).

iv. The two (2) generators supplied to the stores, and sighted, during physical verification were not commensurate with the price quoted. The price was highly inflated, and

v. The sum of ₦1,059,822.00 (One million, fifty nine thousand, eight hundred and twenty two naira) was paid as logistics/transport costs for the supply of generators to the geo-political zones as stated in the contract documents. However, physical verification showed that the generators were instead supplied to the Store Office at the Ministry's Headquarters.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology, and Innovation, Abuja.

Risks

i. Inflation of contract price.
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 Permanent Secretary, should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,750,000.00 (Twelve million, seven hundred and fifty thousand naira), being irregular payment for the supply of generators.
ii. Recover the sum of ₦12,750,000.00 and remit to the Treasury.
iii. Forward the evidence of remittance to 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: MOTOR VEHICLES NOT ACCOUNTED FOR (=₦360,327,500.00)

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. For this purpose, he will ensure that the following records are maintained: (a) Vehicles' control register (b) Requisition/Approval for journey; (c) Vehicle Log-Book (Gen. 59); (d) Vehicle maintenance register."

Audit observed that:

i. The Ministry could not account for six (6) motor vehicles amounting to ₦360,327,500.00 (Three hundred and sixty million, three hundred and twenty seven thousand, five hundred naira), and
ii. The vehicles allocated to the former Minister, Minister of State and former Permanent Secretary of the Ministry were not returned, but were still in their custody even after leaving office.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

Risks

i. Abuse of office.
ii. Misuse of public property.
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 Permanent Secretary, should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the six (6) motor vehicles belonging to the Federal Ministry of Science, Technology and Innovation.

ii. Recover the vehicles and present them to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct, and premature disposal of public asset specified in paragraphs 3129 and 3114 of the Financial Regulations (2009) respectively, should apply.

ISSUE 10: MISAPPLICATION OF CAPITAL FUNDS (=₦86,283,580.00)

Description of Findings

Paragraph 112(i) of Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency; (b) ensuring that the essential management control tools are put in place to minimize waste and fraud;" 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 Ministry spent the sum of ₦86,283,580.00 (Eighty six million, two hundred and eighty three thousand, five hundred and eighty naira) from its capital funds on Trainings, Sensitizations and Workshops.
ii. There was no evidence that the payments in (i) above were provided for, in the Ministry's approved budget for the year, and
iii. The report and pictorial evidence in respect of the workshops, trainings and sensitizations were not presented for verification.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

Risks

i. Diversion of public funds.
ii. Payment for non-existent 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 Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦86,283,580.00 (Eighty six million, two hundred and eighty three thousand, five hundred and eighty naira), being payment made without evidence of utilization and evidence of budgetary provision.
ii. Recover the sum of ₦86,283,580.00 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 11: MOTOR VEHICLES WITHOUT INSURANCE POLICY (=₦596,900,000.00)

Description of Findings

Section 50(i) of the Insurance Act (2003) states, "The receipt of an insurance premium shall be a condition precedent to a valid contract of insurance, and there shall be no cover in respect of an insurance risk unless the premium is paid in advance." Also, Establishment Circular Ref. No. SGF/OP/1/5.3/V11/981 dated 21st July, 2008 provides that no vehicle, inclusive of Government Vehicles, shall be used on a road unless a liability which may thereby incur in respect of damages to the property of third parties is insured with a registered insurer. Accordingly, all MDAs should henceforth ensure that all assets under them are fully and adequately insured with registered Insurance Companies.

Audit observed that:
i. Thirteen (13) of the Ministry's motor vehicles, amounting to ₦596,900,000.00 (Five hundred and ninety six million, nine hundred thousand naira) were not insured
ii. Some utility vehicles were not registered but old number plates were fixed on them, and
iii. No justifiable reasons were given for these infractions.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology, and Innovation, Abuja.

Risks

i. Loss of public assets.
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 Permanent Secretary should be requested to:
i. Forward evidence of vehicle insurance and details of vehicle registration of the affected vehicles, 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 12: AWARD OF CONTRACTS WITHOUT DUE DILIGENCE (=₦670,006,705.05)

Description of Findings

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 qualification; (b) They possess the machinery, equipment, and manpower for the job; (c) They have the legal capacity to enter into the contract i.e they are not under a receivership nor are they insolvent; (d) They are not tax evaders, and (e) None of their directors has been convicted in respect of any offence/crime involving fraud financial misappropriation or falsification of records."

Audit observed that:

i. The Ministry awarded contracts worth ₦670,006,705.05 (Six hundred and seventy million, six thousand, seven hundred and five naira, five kobo) to twenty two (22) contractors without due diligence report on their companies.
ii. Contracts were awarded to companies with inactive CAC status and incomplete CAC documentation because the Ministry failed to exercise due diligence during the procurement process.
iii. Companies that were not financially viable were awarded contracts, and
iv. The Ministry seemed to have awarded some contracts to predetermined contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

Risks

i. Award of contract to unqualified contractors.
ii. Poorly executed 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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦670,006,705.05 (Six hundred and seventy million, six thousand, seven hundred and five naira, five kobo), being payment for contracts awarded to contractors without due diligence report.
ii. Recover the sum of ₦670,006,705.05 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 award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 13: AWARD OF CONTRACTS WITHOUT PROOF OF ELIGIBILITY (=₦184,670,867.50)

Description of Findings

Paragraph 2909 of 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, among others, viz (a)They possess the necessary technical qualification; (b)They possess the machinery, equipment, and manpower for the job"

Audit observed that:

i. The Ministry awarded ten (10) contracts amounting to ₦184,670,867.50 (One hundred and eighty four million, six hundred and seventy thousand, eight hundred and sixty seven naira, fifty kobo) for engineering and training.
ii. There was no evidence that the staff of the companies/contractors in (i) above possessed requisite professional qualifications, and
iii. Some of the contractors awarded the contracts were pre-determined.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Science, Technology and Innovation, Abuja.

Risks

i. Poorly executed contracts.
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦184,670,867.50 (One hundred and eighty four million, six hundred and seventy thousand, eight hundred and sixty seven naira, fifty kobo), being payment for contracts awarded to ineligible companies.
ii. Recover the sum of ₦184,670,867.50 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

NATIONAL LIBRARY OF NIGERIA, ABUJA

At the National Library of Nigeria, Abuja, for the period January to December, 2023, the following observations were made:

ISSUE 1: CONTINGENICIES AND OTHER PROVISIONS INCLUDED IN CONTRACT NOT ACCOUNTED FOR (=₦83,682,907.80)

Description of Findings

Paragraph 603 of 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 Library spent the sum of ₦83,682,907.80 (Eighty three million, six hundred and eighty two thousand, nine hundred and seven naira, eighty kobo) on contingencies, administration charges and professional allowances and commission provided for, in the contracts awarded and executed during the period, and
ii. There were no records to show the utilization of these provisions, hence, the expenditure was unretired at the time of audit in 2024.

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

Risks

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

Management's Response

The evidence of the utilization of these values are in the National Library of Nigeria for sighting.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented

Recommendations

The National Librarian should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦83,682,907.80 (Eighty three million, six hundred and eighty two thousand, nine hundred and seven naira, eighty kobo), being payments without evidence of utilization.
ii. Recover the sum of ₦83,682,907.80 and remit to the Treasury.
iii. Forward the evidence of remittance to Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to failure to manage public funds effectively, specified in paragraph 3115 of the Financial Regulations (2009) should apply.

ISSUE 2: IRREGULARITIES IN THE AWARD AND PAYMENT OF CONTRACTS (=₦1,281,748,062.58)

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." Furthermore, paragraph 109 (i) (d) of the FR (2009) states, "(i) The Auditor-General shall carry out the following statutory functions: …(d) Value-for-Money (Performance) Audit - to ascertain the level of economy, efficiency and effectiveness derived from government projects and programmes."

Audit observed that:

i. The Library awarded contracts amounting to ₦1,281,748,062.58 (One billion, two hundred and eighty one million, seven hundred and forty eight thousand, sixty two naira, fifty eight kobo) without evidence of competitive bidding, and
ii. Vital documents and necessary attachments needed to prove the eligibility of the bidders were not attached to the various individual contract files and the payment vouchers. Some of these documents include the bidder's company profile, Pension Commission Certificate of Compliance for 2022, Tax Clearance Certificate for 2022, etc.

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

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.

Management's Response

The pre-qualification documents are available at National Library of Nigeria for sighting.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The National Librarian should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,281,748,062.58 (One billion, two hundred and eighty one million, seven hundred and forty eight thousand, sixty two naira, fifty eight kobo), being payment for contracts awarded without following due process.
ii. Recover the sum of ₦1,281,748,062.58 and remit to the Treasury.
iii. Forward evidence of remittance to 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 3: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦88,322,031.42)

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 the regulations, the store keeper 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.". 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 Library paid the sum of ₦88,332,031.42 (Eighty eight million, three hundred and thirty two thousand, thirty one naira, forty two kobo) vide ten (10) payment vouchers for store items from its capital appropriation vote.
ii. The items purchased were not taken on charge in the store ledgers and no Store Issue Vouchers (SIV) were produced during the audit to confirm receipt of the items, and
iii. There were no invoices, delivery notes, receipts and Store Receipt Vouchers (SRV) attached to the payment vouchers to authenticate the payments.

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

Risks

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

Management's Response

The items listed in your table are not our store items. They are contracts/part of contract legitimately awarded to contractors who executed their contracts and supplied such items to site. Our supervising engineers certified such items at the site and took photographs with them. Such photographs are attached to the payment vouchers.

The payment vouchers are in our office for your review. The contractors executed their jobs.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The National Librarian should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦88,332,031.42 (Eighty eight million, three hundred and thirty two thousand, thirty one naira, forty two kobo), being payment for store items not taken on ledger charge.
ii. Recover the sum of ₦88,332,031.42 and remit to the Treasury.
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 4: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦722,458,168:08)

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 Library paid the sum of ₦722,458,168.08 (Seven hundred and twenty two million, four hundred and fifty eight thousand, one hundred and sixty eight naira, eight kobo) vide forty two (42) payment vouchers for renovation/services rendered, and
ii. The payments were not authenticated by attaching relevant supporting documents such as Store Receipt Vouchers (SRV), invoices, job completion certificates/certificates of attendance, amongst others, to the payment vouchers.

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

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.

Management's Response

All relevant documents relating to payment vouchers were available for sighting at the National Library of Nigeria. There was no payment made for any service that did not occur and all the transactions were duly completed.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The National Librarian should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦722,458,168.08 (Seven hundred and twenty two million, four hundred and fifty eight thousand, one hundred and sixty eight naira, eight kobo), being payment without attaching relevant supporting documents to the payment vouchers.
ii. Recover the sum of ₦722,458,168.08 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 5: PAYMENTS WITHOUT EVIDENCE OF UTILIZATION OF FUNDS (=₦353,489,616:35)

Description of Findings

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

Audit observed that:

i. The sum of ₦353,489,616.35 (Three hundred and fifty three million, four hundred and eighty nine thousand, six hundred and sixteen naira, thirty five Kobo), was paid to some companies and Library staff as payments for purported services rendered to it
ii. The above payments were done through fifty seven (57) payment vouchers, and
iii. There were no after-events reports attached to the payment vouchers neither provided for examinations as required by extant regulations.

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

Risks

i. Waste and diversion of public funds.
ii. Payment for jobs not executed or services not rendered.

Management's Response
All reports and acknowledgement letters for the programme carried out by the National Library of Nigeria for the period under review are available for sighting.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented

Recommendations
The National Librarian should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦353,489,616.35 (Three hundred and fifty three million, four hundred and eighty nine thousand, six hundred and sixteen naira, thirty five Kobo), being payments without evidence of utilization.
ii. Recover and remit to the Treasury, the sum of ₦353,489,616.35
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: PRELIMINARIES EXPENDITURE INCLUDED IN THE CONTRACT NOT ACCOUNTED FOR (=₦147,631,553:90)

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 Library paid the provisional sum of ₦147,631,553.90 (One hundred and forty seven million, six hundred and thirty one thousand, five hundred and fifty three naira, ninety kobo), for preliminary expenditure in respect of twelve (12) contracts for construction, renovation, local content creation, etc., and
ii. The provisions were paid to contractors without evidence of utilization.

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

Risks
i. Diversion of public funds.
ii. Payment for jobs not executed/services not rendered.

Management's Response
All supporting documents/receipts are available for sighting.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The National Librarian should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦147,631,553.90 (One hundred and forty seven million, six hundred and thirty one thousand, five hundred and fifty three naira, ninety kobo), being provisional sum unaccounted for.
ii. Recover the sum of ₦147,631,553.90 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

NIGERIA FRENCH LANGUAGE VILLAGE, BADAGRY, LAGOS STATE

At the Nigeria French Language Village, Badagry, Lagos State, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PAYMENT WITHOUT JOB COMPLETION CERTIFICATE (=₦2,830,933.69)

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 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 87.6 of Procurement Procurement Manual states, "Payment for works contracts will normally be made against Payment Certificates approved in strict accordance with the terms of the Contract." 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 Village paid the sum of ₦2,830,933.69 (Two million, eight hundred and thirty thousand, nine hundred and thirty three naira, sixty nine kobo) as final payment to a contractor for job executed, and
ii. There was no evidence of job completion certificate for the job claimed to have been executed.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry, Lagos State.

Risks

i. Loss of public 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 Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,830,933.69 (Two million, eight hundred and thirty thousand, nine hundred and thirty three naira, sixty nine kobo), being payment without Job completion certificate.
ii. Recover the sum of ₦2,830,933.69 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of Financial Regulations (2009) should apply.

ISSUE 2: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦71,878,107.51)

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 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 Village made payments to the tune of ₦71,878,107.51 (Seventy one million, eight hundred and seventy eight thousand, one hundred and seven naira, fifty one kobo), without attaching necessary supporting document to the payment vouchers in order to prove the genuineness of the transactions, and
ii. The necessary supporting documents not attached to the payment vouchers were copies of bid advertisement, financial and technical evaluation report, progress payment report (returns), pictorial evidence of work done before certification, procurements and supplies Manufacturer's certification, evidence of due diligence conducted prior to contract awards, Certificate of job completion and handover notes.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Payment for job not executed.
ii. Diversion of public funds.
iii. Payment for non-existent 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 Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦71,878,107.51 (Seventy one million, eight hundred and seventy eight thousand, one hundred and seven naira, fifty one kobo), being payment without attaching relevant supporting documents.
ii. Recover the sum of ₦71,878,107.51 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 account for public funds specified in paragraph 3106 of Financial Regulations (2009) should apply.

ISSUE 3: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦44,350,350.00)

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

Audit observed that:

i. The Village paid the sum of ₦44,350,350.00 (Forty four million, three hundred and fifty thousand, three hundred and fifty naira), to eleven (11) staff for direct procurement of diesel.
ii. The Village did not procure diesel through issue of LPO or retainership with petrol dealers, as required by the extant laws highlighted above, and

iii. The failure to award contracts for the supply of diesel, resulted in the loss of tax revenue (VAT, WHT & Stamp Duty) amounting to ₦5,765,546.50 (Five million, seven hundred and sixty five thousand, five hundred and forty six naira, fifty kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Loss of 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 ₦44,350,350.00 (Forty four million, three hundred and fifty thousand, three hundred and fifty naira) being payment to staff for direct purchase of diesel.
ii. Recover the sum of ₦44,350,350.00 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to account for public funds specified in paragraph 3106 of Financial Regulations (2009) should apply.

ISSUE 4: PROCUREMENT OF ICT EQUIPMENT AND INTERNET CONNECTIVITY WITHOUT RELEVEANT APPROVAL FROM NITDA (=₦15,166,595.00)

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 Village paid the sum of ₦15,166,595.00 (Fifteen million, one hundred and sixty six thousand, five hundred and ninety five naira), for the procurement of various Information Technology (IT) projects and components, and

ii. There was no evidence that the Village obtained prior approvals from National Information Technology Development Agency (NITDA), as stipulated in the Circular highlighted above.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Loss of public funds.
ii. Procurement of substandard IT facilities.

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 ₦15,166,595.00 (Fifteen million, one hundred and sixty six thousand, five hundred and ninety five naira), being payment for the purchase of IT components without approval from NITDA.
ii. Recover the sum of ₦15,166,595.00 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: AWARD OF CONTRACTS WITHOUT AFFIDAVIT (=₦384,164,199.89)

Description of Findings

Paragraph (6) of the Public Procurement Act (2007) states, ''All bidders in addition to requirements contained in any solicitation documents shall: (f) accompany every bid with an affidavit disclosing whether or not any officer of the relevant committees of the procurement entity or Bureau is a former or present director, shareholder or has any pecuniary interest in the bidder and confirm that all information presented in its bid are true and correct in all particulars."

Audit observed that:

i. The sum of ₦384,164,199.89 (Three hundred and eighty four million, one hundred and sixty four thousand, one hundred and ninety nine naira, eighty nine kobo), was paid to twelve (12) contractors for various contracts, and

ii. There was no evidence to show the contractors above produced affidavits of non-pecuniary interest by members of relevant procurement committees as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Award of contracts to ineligible contractors.
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 Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦384,164,199.89 (Three hundred and eighty four million, one hundred and sixty four thousand, one hundred and ninety nine naira, eighty nine kobo), being payment to contractors without providing affidavits.
ii. Recover the sum of ₦384,164,199.89 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: IRREGULAR PAYMENT OF ALLOWANCES (=₦5,021,321.04)

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(i) of the FR (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency; (b) ensuring that the essential management control tools are put in place to minimize waste and fraud."

Audit observed that:

i. The sum of ₦5,021,321.04 (Five million, twenty one thousand, three hundred and twenty one naira, four kobo), was paid as promotion arrears and travel allowances to staff of the French Language Village, and
ii. The payments were not approved by the accounting officer.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos 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 Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,021,321.04 (Five million, twenty one thousand, three hundred and twenty one naira, four kobo), being payment without authorization.
ii. Recover the sum of ₦5,021,321.04 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: PAYMENT OF CASH ADVANCE ABOVE THE APPROVED THRESHOLD (=₦17,698,360.00)

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. Cash advances were granted to some staff amounting to ₦17,698,360.00 (Seventeen million, six hundred and ninety eight thousand, three hundred and sixty naira), for the procurement of goods and services, in excess of the approved limit

of ₦200,000.00 (Two hundred thousand naira), as prescribed by the Federal Treasury Circular, and

ii. The Government was deprived of Withholding Tax, Value Added Tax and Stamp Duty amounting ₦2,308,481.07 (Two million, three hundred and eight thousand, four hundred and eighty one naira, seven kobo) as result of non award of contract in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Loss of 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 ₦17,698,360.00 (Seventeen million, six hundred and ninety eight thousand, three hundred and sixty naira), being payment in violation of cash advance threshold.
ii. Recover the sum of ₦17,698,360.00 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 8: VIOLATION OF THE E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦23,889,422.26)

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. The sum of ₦23,889,422.26 (Twenty three million, eight hundred and eighty nine thousand, four hundred and twenty two naira, twenty six kobo) was paid as staff claims due to officers and other contract payments, and
ii. The payments in (i) above were made through proxies instead of direct payments to beneficiaries' accounts as required by e-payment policy.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Diversion of public funds.
ii. Payment for non-existent 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 Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦23,889,422.26 (Twenty three million, eight hundred and eighty nine thousand, four hundred and twenty two naira, twenty six kobo), being payment in violation of e-payment policy of the federal government.
ii. Recover the sum of ₦23,889,422.26 and remit to the Treasury.
iii. Forward the evidence remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 9: PAYMENT FOR FOREIGN TRIPS WITHOUT RELEVANT APPROVALS (=₦5,429,000.00)

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…" Similarly, 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, negotiating/signing of memoranda of understanding (MOU) abroad at government expense, except they are fully funded by the sponsoring/inviting organisations.

Audit observed that:

i. The sum of ₦5,429,000.00 (Five million, four hundred and twenty nine thousand naira), was paid to three (3) staff of the Language Village to attend Nigeria Higher Education Day Program of Campus of France in Paris, and
ii. There was no evidence showing approvals were obtained from the Head of the Civil Service of the Federation or the Secretary to the Government of the Federation before payments were made, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Payment for non-existent transactions.
ii. 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, the sum of ₦5,429,000.00 (Five million, four hundred and twenty nine thousand naira), being payment for oversea training without approval by the Head of the Civil Service of the Federation or the Secretary to the Government of the Federation.
ii. Recover the sum of ₦5,429,000.00 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 wrong and irregular payment specified in paragraph 3109 of the Financial Regulations (2009) should apply.

ISSUE 10: NON-REMITTANCE OF 25% INTERNALLY GENERATED REVENUE AND OTHER PROCEEDS TO THE CRF (=₦77,534,445.98)

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 Village generated revenue amounting to ₦310,137,783.92 (Three hundred and ten million, one hundred and thirty seven thousand, seven hundred and eighty three naira, ninety two kobo), in 2023, and
ii. There was no evidence of remittance of 25% of the IGR amounting to ₦77,534,445.98 (Seventy seven million, five hundred and thirty four thousand, four hundred and forty five naira, ninety eight kobo), by the Language Village as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Loss of revenue.
ii. Difficulty in funding the 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 Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦77,534,445.98 (Seventy seven million, five hundred and thirty four thousand, four hundred and forty five naira, ninety eight kobo), being of IGR not remitted to the CRF.
ii. Recover the sum of ₦77,534,445.98 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 failure to collect and account for Government Revenue specified in paragraph 3112 (ii) of the Financial Regulations (2009) should apply.

ISSUE 11: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦26,975,000.00)

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…."

Audit observed that:

i. The sum of ₦26,975,000.00 (Twenty six million, nine hundred and seventy five thousand naira), was paid through sixteen (16) paid vouchers.
ii. The above amount was paid between July and December, 2023, and
iii. None of the paid vouchers was cleared by the Internal Audit Unit before payment was made, as required by the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria French Language Village, Badagry Lagos State.

Risks

i. Loss of 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 ₦26,975,000.00 (Twenty six million, nine hundred and seventy five thousand naira), being payment without 100% pre-payment audit as required by extant regulations.
ii. Recover the sum of ₦26,975,000.00 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

SECTION 4

FEDERAL CAPITAL TERRITORY & AREA COUNCIL AUDIT DEPARTMMENT (FCT & ACAD)

ABUJA PROPERTY DEVELOPMENT COMPANY LIMITED.

At the Abuja Property Development Company Limited, FCT, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PAYMENTS WITHOUT PREPAYMENT AUDIT (=₦110,932,100.91)

Description of Findings

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

Audit observed that:

i. The Company paid the sum of ₦110,932,100.91 (One hundred and ten million, nine hundred and thirty two thousand, one hundred naira, ninety one kobo) vide twenty two (22) paid vouchers to various beneficiaries to carry out assignments, and
ii. The payments were disbursed before the vouchers were passed to the Internal Audit Unit for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company Limited.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.

Management's Response

During this period, our internal Auditor was not available as she was indisposed at the time and given that the payment was an urgent, they had to be made. However, same was post-audited upon her return as can be seen in the audit stamp on the document indicating that they were audited. If there were any observations during the post-audit, they would usually be corrected. Our company, being a limited liability company, places emphasis on prompt attendance to issue; the absence of a member of staff due to unforeseen circumstance, cannot therefore, be allowed to put a hold to the company's activities.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦110,932,100.91 (One hundred and ten million, nine hundred and thirty two thousand, one hundred naira, ninety one kobo), being payments without prepayment audit.
ii. Recover the sum of ₦110,932,100.91 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 2: EXCESS DEPRECIATION CHARGE ON MOTOR VEHICLES (=₦37,887,500.00)

Description of Findings

Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) 1, Presentation of Financial Statements, states, "Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation."

Audit observed that:

i. The Company acquired five (5) motor vehicles, amounting to ₦21,550,000.00 (Twenty one million, five hundred and fifty thousand naira) for its day-to-day activities as shown in the Table below.

S/N	VEHICLE TYPE	REG. NO	YEAR OF PURCHASE	COST OF PURCHASE	USEFUL LIFE	ANNUAL DEPRECIATION
1	Toyota Hilux	CT362 A11	Oct 2016	3,400,000.00	4	850,000.00
2	Toyota Hilux	CT514 A11	April 2007	4,200,000.00	4	1,050,000.00
3	Toyota Hilux	CT425 A11	May 2007	4,200,000.00	4	1,050,000.00
4	Toyota Camry	CT291 A11	Dec 2013	7,350,000.00	4	1,837,500.00
5	MAN Diesel Truck	12G-41 CT	Feb 2016	2,400,000.00	4	600,000.00
			Total	**21,550,000.00**		**5,387,500.00**

Source: *APDC 2023 Asset Register*

ii. The Company's PPE schedule showed that the assets were not properly classified, recognized and depreciated.
iii. These vehicles had been fully depreciated at different intervals, depending on their year of purchase, and
iv. The Company continued charging depreciation on these vehicles, thereby, resulting in over depreciation and reduction in profit for the year amounting to

₦37,887,500.00 (Thirty seven million, eight hundred and eighty seven thousand, five hundred naira) as shown the Table below.

S/N	VEHICLE TYPE/REG. NO	PERIOD	OVER DEPRECIATION CHARGE (₦)
1	Toyota Hilux (CT 425 A11 & CT514 A11)	Financial year ending March 2012 -2023	25,200,000.00
2	Toyota Camry (CT 291 A11)	Financial year ending March 2019 - 2023	9,187,500.00
3	MAN, Diesel Truck (12G-41 CT)	Financial year ending March, 2021 - 2023	1,800,000.00
4	Toyota Hilux (CT 362 A11)	Financial year ending March 2022 -2023.	1,700,000.00
		TOTAL	**37,887,500.00**

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company Limited.

Risks

i. Misstatement of the Financial Statements.
ii. Poor decision making.
iii. Reputational damage.

Management's Response

Over depreciation of Motor Vehicles resulting to under reporting of profit ₦37,887,500.00. The above statement is incorrect.

During the year 2023, correct depreciation was charge on all the company's assets, as a result, total depreciation charge for 2023 amounted to ₦19,382,000.00 as against ₦37,887,500 being reported by the Audit Team. Kindly note that all accumulated depreciation were deducted from the total value of the assets before the rates were applied to the balance. See the schedule as stated in the audited accounts for the year (Appendix 1 page 1 or 2)

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦37,887,500.00 (Thirty seven million, eight hundred and eighty seven thousand, five hundred naira), being excess depreciation charge on motor vehicles.
ii. Revalue the motor vehicles to reflect the appropriate carrying amount and depreciation charges.
iii. Forward evidence in (ii) above to the Public Accounts Committees of the National

Assembly, and

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

ISSUE 3: OVER-STATEMENT OF THE COST OF THE COMPLETED BUILDING (=₦230,160,000.00)

Description of Findings

Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) 1, Presentation of Financial Statements, states, "Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation."

Audit observed that:

i. The sum of ₦630,201,000.00 (Six hundred and thirty million, two hundred and one thousand naira) was determined as cost of completed properties transferred to cost of sales in Note10 of the Company's Financial Statements.
ii. Upon transfer to cost of sales/construction cost in Note 24, the figure was recognized as ₦860,361,000.00 (Eight hundred and sixty million, three hundred and sixty one thousand naira), thereby, overstating the item by ₦230,160,000.00 (Two hundred and thirty million, one hundred and sixty thousand naira).
iii. This erroneous amount was further disclosed as part of cost of construction charged against the revenue recognized in the year, and
iv. The implication of this was reduction in the profit of the company to the tune of ₦230,160,000.00.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company.

Risks

i. Misstatement of the Financial Statements.
ii. Poor decision making.
iii. Reputational damage.

Management's Response

Overstatement of cost of complete building transferred to cost of sale: ₦230,160,000.00. We wish to state that there was no overstatement of cost of completed building transferred to cost of sale. The actual cost of sale was ₦860,361,000.00 and not ₦630,201,000.00. it is impossible for over ₦230,160,000.00 to have been transferred to cost of sale, without any corresponding debit and credit account. See details of posting on the general ledger of the company for direct costs for the period of April 2022 to March 31, 2023, (Appendix ii and page 1 to 10).

Also, in the audited Account as at 31st March 2023, the analysis of transfers was given as per attached (Appendix iii, page 1). We wish to state that, for every posting in the company general ledger, there is debit and credit indicating where the posting came from and where it was transferred.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦230,160,000.00 (Two hundred and thirty million, one hundred and sixty thousand naira), being overstated cost of building.
ii. Restate the Financial Statements of the Company to reflect the accurate cost of building.
iii. Forward evidence of restatement to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 4: NON-DEDUCTION OF STAMP DUTY (=₦4,672,322.50)

Description of Finding

Paragraph 9 of the Federal Inland Revenue Service Information Circular with Ref. No. 2021/12, dated 3rd June, 2021, states, "All Corporate entities, including Ministries, Departments and Agencies (MDAs), are required to charge stamp duties on all contracts and remit same to the relevant tax authority. The duty to be charged on such contact shall be at the applicable rate excluding Value Added Tax."

Audit observed that:

i. The Company paid the sum of ₦502,274,668.70 (Five hundred and two million, two hundred and seventy four thousand, six hundred and sixty eight naira, seventy kobo) vide ninety two (92) paid vouchers to contractors for the supply of materials and consultancy services, and
ii. The 1% stamp duty of the figure in (i) above, amounting to ₦4,672,322.50 (Four million, six hundred and seventy two thousand, three hundred and twenty two naira, fifty kobo) was not deducted and remitted to relevant tax authority contrary to the above-mentioned Circular.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company.

Risks

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

Management's Response
Non-Deduction of Stamp Duty ₦4,672,322.50
We state that the company actually deducted Stamp Duties on payment that were issued for letters of awards; 1% Stamp Duty was in that deducted and remitted to the FIRS.

Kindly note that the company has been audited by relevant tax authorities and we have always complied with all applicable extant laws. We can therefore rightly state that, we do not have liability on any of our taxes as all company Income Tax, Education Tax, VAT and Withholding Taxes were deducted and remitted to the FIRS and FCT-IRS as at 31st December, 2023.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,672,322.50 (Four million, six hundred and seventy two thousand, three hundred and twenty two naira, fifty kobo), being unremitted 1% Stamp Duty.
ii. Recover the sum of ₦4,672,322.50 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 5: IRREGULAR ENGAGEMENT OF THE HEAD OF INTERNAL AUDIT UNIT

Description of Findings
Principle 1.8 of the Nigerian Code of Corporate Governance (2018) states, "The Board being the highest Governing body in the Company has the responsibility of overseeing the internal audit function, approving the internal audit plan, and appointing and removing the head of the internal audit function on the recommendations of the committee responsible for audit." Furthermore, Principle 18.3 of Nigerian Code of Corporate Governance (2018) states, "The internal audit function should be headed by a member of senior management who is a professional with relevant qualifications, competence, objectivity and experience; and is registered with a recognized professional body". Also, paragraph 30(4) of Audit Regulations (2020) states, "The internal audit function shall be headed by a professional with relevant qualification who has registered with the Council/Regulator, and the unit shall be adequately resourced to enable it effectively discharge its responsibilities."

Audit observed that:
i. On the recommendations of Head of Human Resource/Admin, the Managing Director approved the appointment of the Head of Internal Audit, contrary to

Principle 1.8 stated above which empowers the Board to appoint the Head of the Internal Audit on the recommendations of the committee responsible for audit.

ii. The examination of the personal file of the Head of internal audit revealed that the officer was not a member of any recognized professional body, contrary to Principle 18.3 of Nigerian Code of Corporate Governance, 2018, and

iii. There was no evidence that the Head of Internal audit had registered with the Financial Reporting Council of Nigeria as required by Paragraph 30(4) of Audit Regulations, 2020 stated above.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company.

Risks

i. Weak/ineffective internal control system.
ii. Loss of public funds.

Management's Response

It is pertinent to note that the company currently has an Internal Auditor and not Head of Internal Audit. It should also be noted that the company since recognized the need for a fully operational and well-staffed Internal Audit Department and accordingly, just concluded the modalities for the engagement of a consultant to facilitate the production of an Audit Manual for the company and the setting up of an appropriately staffed Internal Audit & Control Department, headed by a suitably qualified Head. We are hopeful that before the next audit exercise, the Audit Department will be in full operation. It must be noted also, that per FIRS-FRNC requirement, only officers of an organization tasked with the responsibility of signing the organization's Audited Accounts, are required to register with FRNC. Accordingly, the Managing Director and Head, Finance & Accounts of APDC are registered with FRCN as they were involved in the signing of the Audited Account of the company.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Justify, to the Public Accounts Committees of the National Assembly, the irregular engagement of the Head of Internal Audit Unit.
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 6: IRREGULARITIES WITHIN THE INTERNAL AUDIT UNIT OF THE COMPANY

Description of Findings:

Principle 18.4 of Nigerian Code of Corporate Governance (2018) provides that "The Board should ensure that the internal audit function is sufficiently skilled and resourced

to address the complexity and volume of risk faced by the organisation." Furthermore, principle 18.5.3 of Nigerian Code of Corporate Governance (2018) states, "The head of internal audit function should report at least once every quarter to the committee responsible, on the adequacy and effectiveness of management, governance, risk and control environment; deficiencies observed and management mitigation plans." In addition, paragraph 30(3) of Audit Regulations (2020) states "The purpose, authority and responsibility of the Internal Audit activity shall be clearly and formally defined in an Internal Audit Charter approved by the Board, and shall also be consistent with the definition of Internal Auditing by the Institute of Internal Auditors."

Audit observed that:

i. There was only one staff in the Internal Audit Unit, who incidentally is the head of the unit. This is contrary to Principle 18.4 of Nigerian Code of Corporate Governance, 2018.
ii. The unit could not provide its report of the last quarter of the year 2023 as required by Principle 18.5.3, and
iii. The Company could not provide its Audit Manual to the audit team, despite several repeated written requests.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company.

Risks

i. Weak/ineffective internal control system.
ii. Loss of public funds.

Management's Response

Please refer to the 1st paragraph of our response in issue 8. Please note regarding the Internal Audit reports that the non-production of the last quarter's Internal Audit reports was because the newly engaged Internal Auditor had just resumed and needed time to acquaint himself with the company's activities and procedures.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Justify, to the Public Accounts Committees of the National Assembly, the irregularities within the internal audit unit of the Company.
ii. Recruit more professional internal audit staff.
iii. Forward evidence of compliance and the Company's Internal Audit Manual to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 7: AWARD OF CONTRACT TO INELIGIBLE CONTRACTOR (=₦409,815,974.24)

Description of Findings

Section 6(2) of the Industrial Training Fund (ITF) (Amendment) Act (2011) states, "Any Supplier, Contractor or Consultant bidding or soliciting for contracts, businesses, goods and services from any Federal Government Ministry, Department, Agency, Commercial, Industrial and Private entity shall fulfil statutory obligations of his employees with respect to payment of training contribution to the Fund.". Section 6 (3) of the ITF Act (2011) states, "Any liable Organization, public or private including companies situated in the free trade zone requiring approval for expatriate quota and/or utilizing custom services in matters of export and import, must show proof of compliance with this Act in respect of payment of training contribution of his employees and all regulatory agencies of the Federal Government shall ensure compliance with section 6 (1)-(3) of this Act."

Audit observed that:

i. The Company paid the sum of ₦409,815,974.24 (Four hundred and nine million, eight hundred and fifteen thousand, nine hundred and seventy four naira, twenty four kobo) for fifty four (54) contracts that were awarded during the period under review, for supplies of goods and services.
ii. The contractors were required to submit their Company Profile, Copy of Tax Clearance Certificates for immediate past three years, evidence of registration of firm with relevant statutory authority and evidence of VAT registration, amongst others.
iii. These contracts were awarded to contractors with expired PENCOM, ITF, NSITF compliance certificates, contrary to extant laws.
iv. A contractor who registered with the Corporate Affairs Commission (CAC) in 2022 did not meet the requirements set by the Company but was awarded a contract, and
v. The Company failed to carry out due diligence on contractors' documents submitted for consideration.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company.

Risks

i. Award of contracts to incompetent contractors.
ii. Poor execution of contracts.
iii. Loss of public funds.

Management's Response

It is pertinent to note that the company deals with a lot of low to medium scale companies, enterprises and sole proprietorships who operate within very low profit margins as a result of the types of contracts the company gives, which is mostly labor only contracts.

Therefore, once such small companies and/sole proprietorships meeting the minimum requirement for the award of contract, which are registration with CAC and FIRS for the

purposes of tax payment, APDC sometimes waives some of the other requirement such as PENCOM, ITF, NSITF, as most of these companies do not maintain staff in respect of whom these returns are file able.

APDC as a private limited liability with no government budget, subvention or grant, understand the struggle for survival of some of the companies in comply with so many onerous requirements. The company therefore ensure that critical requirement such as deduction and remittance of appropriate taxes from their payments are met. These are remitted monthly without default, to relevant tax authorities.

Kindly note that JIBO USMAN Universal Resource Limited referred to in item (iv), has been doing business with the company as JIBO USMAN Enterprises long before 2022 when if changed its name to JIBO USMAN Universal Resource Limited, which is well within its right to do.

The foregoing notwithstanding, more effort will be made to ensure statutory compliance is achieved as much as possible in such a way as not to overburden or send small companies out of business.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦409,815,974.24 (Four hundred and nine million, eight hundred and fifteen thousand, nine hundred and seventy four naira, twenty four kobo), being payment for contracts awarded to ineligible contractors.
ii. Recover the sum of ₦409,815,974.24 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 payment for job not executed as specified in paragraph 3104(iii) of the Financial Regulations (2009) should apply.

ISSUE 8: AWARD OF CONTRACT TO A COMPANY WITHOUT PROVISION OF COMPANY'S PROFILE (=₦31,143,592.71)

Description of Findings:
Section 6(2) of the Industrial Training Fund (ITF) (Amendment) Act (2011) states, "Any Supplier, Contractor or Consultant bidding or soliciting for contracts, businesses, goods and services from any Federal Government Ministry, Department, Agency, Commercial, Industrial and Private entity shall fulfil statutory obligations of his employees with respect to payment of training contribution to the Fund.". Section 6 (3) of the ITF Act (2011) states, "Any liable Organization, public or private including companies situated in the free trade zone requiring approval for expatriate quota and/or utilizing custom services in matters of export and import, must show proof of compliance with this Act in respect

of payment of training contribution of his employees and all regulatory agencies of the Federal Government shall ensure compliance with section 6 (1)-(3) of this Act."

Audit observed that:

i. The Company awarded seven (7) contracts amounting to ₦31,143,592.71 (Thirty one million, one hundred and forty three thousand, five hundred and ninety two naira, seventy one kobo) for various supplies of goods and services, and
ii. The concerned contractors did not submit any profile for the assessment of their competence, prior to the award of the contracts, as none was made available for review, in violation of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company.

Risks

i. Award of contracts to incompetent contractors.
ii. Supply of substandard goods.

Management's Response

All companies registered with APDC Limited are usually required to submit their company profile together with their CAC registration documents before their registration with APDC is affected. Without registration, the company's area of competency would not be ascertainable. The registered companies are then categorized into their areas of businesses before jobs are given. We have not had issues of payment for job or service not executed. Be that as it may, more effort will be made to ensure records of all profiles submitted are properly documented and kept.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦31,143,592.71 (Thirty one million, one hundred and forty three thousand, five hundred and ninety two naira, seventy one kobo), being payment to contractors without evidence of submission of company profile.
ii. Recover the sum of ₦31,143,592.71 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 or wrong payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 9: EXTRA BUDGETARY EXPENDITURE (=₦22,020,614.86)

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 ₦40,033,492.70 (Forty million, thirty three thousand, four hundred and ninety two naira, seventy kobo) was expended by the Company between January and December, 2023, on the payment of terminal benefits of retired staff.
ii. The budgetary provision for this activity in the 2023 Approved Budget of the Company was ₦18,012,877.84 (Eighteen million, twelve thousand, eight hundred and seventy seven naira, eighty four kobo), and
iii. An extra budgetary expenditure of ₦22,020,614.86 (Twenty two million, twenty thousand, six hundred and fourteen naira, eighty six kobo), was paid in excess of the approved amount.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company.

Risks

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

Management's Response

There was no extra budgetary expenditure by the company during the year under review. The amount of ₦40,033,492.70 paid to staff that exited the services of the company were not paid from operation expenses but from the provision made for yearly Terminal Benefit under Non-current Liability (see the company's Audited Accounts and print out of the general ledger Appendix VII pages 1 to 2).

The provision made in the operating expenses goes to the provision for Terminal Benefit in the Non-current liabilities, as it was added to the balance brought forward (bf) from previous year. During the period when there is no payment of Terminal Benefit, the balance brought forward will be operating expenses as it will increase the value of the provision to cover the total number of staff in the company.

We wish to state that the company is a limited liability company operating IFRS and not a Public Sector agency that operates IPSAS. As you should be aware, the two organizations do not operate the same way. It was a wrong classification to refer to the sum of ₦22,020,614.86 as extra budgetary expenditure without first ascertaining where it was posted.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦22,020,614.86 (Twenty two million, twenty thousand, six hundred and fourteen naira, eighty six kobo), being extra budgetary expenditure on terminal benefits of retired staff.
ii. Recover the sum of ₦22,020,614.86 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 10: NON-RETIREMENT OF CASH ADVANCES (=₦14,440,442.26)

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." 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." 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 ₦14,440,442.26 (Fourteen million, four hundred and forty thousand, four hundred and forty two naira, twenty six kobo) was granted to various staff of the Company between January to December, 2023 as cash advances, and
ii. The advances remained unretired as at the time of the periodic check in March 2023.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Property Development Company.

Risks
i. Loss of public funds.
ii. Payment for non-existent transactions.
iii. Diversion of public funds.

Management's Response
The company is a construction and real estate development company with four estates being developed simultaneously and as a result, cash advance retirement is always an ongoing process. However, all cash advance are invariably retired and there has been

no loss of company funds through this process. Additionally, use of cash advance is not to circumvent the procurement process but only used in emergency situations or where the values of items to be procured are not significant enough to warrant procurement by a vendor.

Nevertheless, more effort will be made to ensure staff retired cash advance as soon as possible after completion of whatever the cash was advanced for.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,440,442.26 (Fourteen million, four hundred and forty thousand, four hundred and forty two naira, twenty six kobo), being unretired cash advances granted to staff members in the year 2023.
ii. Recover the sum ₦14,440,442.26 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to retire cash advances and irregular payments prescribed in paragraphs 3124 and 3106 of the Financial Regulations (2009) respectively, should apply.

PUBLIC HEALTH DEPARTMENT, FCT ABUJA

At the Public Health Department, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦4,385,170.00)

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 subsection (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 store's ledgers must be clearly indexed."

Audit observed that:

i. The Department paid the sum of ₦4,385,170.00 (Four million, three hundred and eighty five thousand, one hundred and seventy naira) vide twenty five (25) paid vouchers between 30th March and 5th November, 2023 for the supply of diesel, stationeries, etc.
ii. There were no store receipt vouchers presented as evidence that the items were purchased and recorded, and
iii. The Storekeeper did not also take the store items on ledger charge, contrary to the provisions of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Public Health Department, Abuja.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.
iii. Pilferage of stores.

Management's Response

(i) Public health department does not have a store unit or storekeeper. Thus, the officers in question were paid for the office consumable and had retired the advances paid to them for their various office use see appendix 1 (1-23).
Except the payment voucher S/No. 24, that the retirement is on process
(ii). The logistics Officer in charge of the pharmacy store was not on seat during the period the audit exercise was carried out.
(iii). There's no store keeper assigned or posted to the department from her secretariat. Therefore, there is no store unit
(iv) Refer to (iii) above.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,385,170.00 (Four million, three hundred and eighty five thousand, one hundred and seventy naira), being store items not taken on ledger charge.
ii. Recover the sum of ₦4,385,170.00 and remit the to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: UNRETIRED CASH ADVANCES (=₦19,315,700.00)

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 ₦19,315,700.00 (Nineteen million, three hundred and fifteen thousand, seven hundred naira), granted to staff members as cash advances, between 14th April and 14th December, 2023, were unretired at the time of audit in April, 2024.
ii. There was no cogent reason given for the unretired advances, and
iii. There was no evidence showing that the purpose for which the advances were granted, had been accomplished.

The above anomalies could be attributed to weaknesses in the internal control system at the Public Health Department, Abuja

Risks

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

Management's Response

(i) The Officers whose cash advances were paid in their names had retired the respective amounts against their names see appendix ii (1 10-16,18, 21, 25-27). Except the payment voucher S/No. 2-9,17,19, 20, 23-24, 26 that the retirement are on process.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,315,700.00 (Nineteen million, three hundred and fifteen thousand, seven hundred naira), being unretired cash advances granted to staff members.
ii. Recover the sum of ₦19,315,700.00 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, failure to spend public funds effectively, non-retirement of advances, and gross misconduct, specified in paragraphs 3106, 3115, 3124, and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: EXPENDITURE WITHOUT AUTHORITY TO INCURE EXPENDITURE (=₦40,000,000.00)

Description of Findings

Paragraph 112(ii) of the Financial Regulations (FR) (2009) states, "The Accounting Officer shall: (a) be responsible for safeguarding of public funds and the regularity and propriety of expenditure under his control; (b) observe and comply fully with the checks and balances spelt out in the existing Financial Regulations which govern receipts and disbursement of Public Funds and other assets entrusted to his care and shall be liable for any breach thereof;…"

Audit observed that:

i. The Department received the sum of ₦40,000,000.00 (Forty million naira) between January and August, 2023, which was not backed up by an Authority to Incur Expenditure (AIE) or any form of written document indicating the amount allocated to the Department.
ii. The Authority to Incur Expenditure was said to be given only via phone calls each time allocation was released, and
iii. The vote book was not maintained in accordance with the extant laws, as each expenditure line entered into vote book was not signed. There were also anomalies such as frequent cancellation of entries, inaccurate calculations and doubtful presentation of subhead balances.

The above anomalies could be attributed to weaknesses in the internal control system at the Public Health Department, Abuja.

Risks

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

Management's Response

(i) Letters of Overhead Allocations to the tune of ₦40,000,000.00 (Forty million naira) only were not sent to the department perhaps the department does not maintain her expenditure account, which is domiciled in the Secretariat. And all approvals and payment are done by the Secretariat on behalf of the department

(i) Refer to (i)
(ii) Observation noted with thanks

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director should be requested to:

i. Account, to the Public Accounts Committees of the National Assembly, the sum of ₦40,000,000.00 (Forty million naira), being payment without evidence of Authority to Incur Expenditure (AIE).
ii. Forward evidence of the AIEs with a properly maintained vote to the Public Accounts Committees of the National Assembly.
iii. Recover the sum of ₦40,000,000.00 and remit to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to poor cash management and gross misconduct specified in paragraphs 3115 and 3129 of the Financial Regulations (2009) respectively, should apply.

LEGAL SERVICES SECRETARIAT, FCT, ABUJA

At the Legal Services Secretariat, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: IRREGULARITIES IN THE AWARD AND PAYMENT OF CONTRACTS (=₦90,920,812.50)

Description of Findings

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 2922(iii) of the FR (2009) states, "A national competitive bidding shall be advertised in the notice board of the procuring entity, two (2) national newspapers, the websites of the procuring entity and in the procurement journal at least six (6) weeks before the deadline for the submission of bids."

Audit observed that:

i. The Secretariat awarded a contract for the procurement of a utility vehicle (1 Toyota Prado VX 4.0L 7-S AT LS, Model year 2021/2022) to a contractor at the sum of ₦90,920,812.50 (Ninety million, nine hundred and twenty thousand, eight hundred and twelve naira, fifty kobo).
ii. The sum of ₦79,439,416.88 (Seventy nine million, four hundred and thirty nine thousand, four hundred and sixteen naira, eighty eight kobo) was disbursed to the company through paid voucher number FCTA/LS/0397/06/2023, dated 9th June, 2023.
iii. The National Assembly approved the sum of ₦91,000,000.00 (Ninety one million naira) vide the Appropriation Act, with a classification code of 23010103, for the procurement of 2 vehicles (1 Nissan Almera and 1 Nissan Sentra). The budgetary provision of a utility vehicle (1 Toyota Prado VX 4.0L 7-S AT LS, Model year 2021/2022) was not found in the Appropriation Act of the Legal Secretariat.

iv. There was no evidence of open competitive bidding such as advertisement on the notice board of the procuring entity, two (2) national newspapers, the websites of the procuring entity and in the procurement journal at least six (6) weeks before the deadline for the submission of bids.
v. The company was inactive on the CAC portal at the time of audit, thus casting doubt on the integrity of the technical evaluation processes, and
vi. Evidence of due diligence search conducted by the secretariat was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Legal Services Secretariat, FCT, Abuja.

Risks
i. Misappropriation of public funds.
ii. Award of contracts to ineligible contractors.
iii. Unauthorized virements.

Management's Response
The procurement of the Prado Jeep was done by the FCT Department of Procurement not Legal Services Secretariat. See appendix I

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Solicitor-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦90,920,812.50 (Ninety million, nine hundred and twenty thousand, eight hundred and twelve naira, fifty kobo), being payment for a contract awarded without the approval of the National Assembly.
ii. Recover the sum of ₦90,920,812.50 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed and gross misconduct specified in paragraphs 3104(iii) and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: NON-INSURANCE OF ASSETS/NEWLY ACQUIRED VEHICLES (=₦90,920,812.50)

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, Establishment Circular referenced SGF/OP/I/S.3/VII/981 of 21st July, 2008 requires all MDAs to ensure that all assets under them are fully and adequately insured with registered insurance companies.

Audit observed that:

i. The Management of the Legal Services Secretariat, newly procured one (1) utility vehicle (Toyota Prado VX 4.0L 7-S AT LS, Model year 2021/2022) valued at ₦90,920,812.50 (Ninety million, nine hundred and twenty thousand, eight hundred and twelve naira, fifty kobo), and
ii. Evidence of insurance policy for the Secretariat's assets, including the newly acquired vehicle, was not provided.

The above anomalies could be attributed to the weaknesses in the internal control system at the Legal Services Secretariat, FCT, Abuja.

Risks

i. Loss of public assets.
ii. Loss of public funds.

Management's Response

Management has taken note and is in the process of insuring the vehicle. Memo for same attached Appendix I

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Solicitor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦90,920,812.50 (Ninety million, nine hundred and twenty thousand, eight hundred and twelve naira, fifty kobo), being cost of vehicle procured without an insurance coverage.
ii. Provide evidence of insurance coverage for the assets of the Secretariat.
iii. Recover and remit to the Treasury, the sum of ₦90,920,812.50.
iv. Forward evidence of insurance 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 3: IRREGULARITIES IN THE AWARD AND EXECUTION OF CONTRACT (=₦18,961,180.58)

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 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." Similarly, paragraph 2305 of the FR (2009) requires goods to be purchased from reputable manufacturers or their accredited agents.

Audit observed that:

i. The Secretariat paid the sum of ₦18,961,180.58 (Eighteen million, nine hundred and sixty one thousand, one hundred and eighty naira, fifty eight kobo) to a company for the renovation and upgrade of the General Counsel's (GC) Office.
ii. The payments were effected through two paid vouchers for the renovation and upgrading of the GC's Office, partitioning of conference/waiting room and office of SA&TA Technical to the GC.
iii. There was no evidence of technical evaluation of the award.
iv. Evidence of due diligence search conducted by the Secretariat was not provided for audit scrutiny.
v. The contract was awarded on 11th January, 2023, however, evidence of the tender fee paid by the contractor was dated 15th February, 2023. This clearly indicated that due process was not followed in awarding the contract.
vi. The tendering/bidding register was not made available to the audit team, despite repeated requests.
vii. The procurement officer personally wrote the contractor of his choice, thereby, negating the open competitive bidding as required by law, and
viii. Some of the valuable items, such as doors, etc., removed or replaced by the contractor were taken away by the contractor, while some that were carelessly left in the corridor, were looted or sold by unidentified persons.

The above anomalies could be attributed to the weaknesses in the internal control system at the Legal Services Secretariat, FCT, Abuja.

Risks

i. Diversion of public funds.
ii. Payment for poorly executed contracts.
iii. Loss of public funds.

Management's Response

Notice of advert/evaluation and minutes of award. The selection followed all the process in award of contract. However, some of the observations have been noted by the management. Appendix II

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Solicitor General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,961,180.58 (Eighteen million, nine hundred and sixty one thousand, one hundred and eighty naira, fifty eight kobo), being payment for contract not awarded in line with the procurement procedure.
ii. Recover the sum of ₦18,961,180.58 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 irregular award of contract specified in paragraphs 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: UNRETIRED CASH ADVANCES (=₦26,529,033.37)

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 Secretariat granted cash advances to its staff amounting to ₦26,529,033.37 (Twenty six million, five hundred and twenty nine thousand, thirty three naira, thirty seven kobo) for the year 2023. These were yet to be retired by the respective payees at the time of the periodic check in May 2024.
ii. The non-retirement of the advances could indicate that the funds granted were not utilized for the purpose for which they were granted, and
iii. The use of cash advances is primarily for items or services meant for immediate use, therefore, staff should be discouraged from holding government funds for an extended period of time.

The above anomalies could be attributed to the weaknesses in the internal control system at the Legal Services Secretariat, FCT, Abuja.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.

Management's Response

The Secretariat has only one operational Vehicle (Toyota Land cruiser Prado Jeep)

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Solicitor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦26,529,033.37 (Twenty six million, five hundred and twenty nine thousand, thirty three naira, thirty seven kobo), being unretired cash advances.
ii. Recover the sum of ₦26,529,033.37 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, failure to spend public funds effectively, non-retirement of advances, and gross misconduct, specified in paragraphs 3106, 3115, 3124, and 3129 of the Financial Regulations (2009) respectively, should apply.

NIGERIA COMMODITY EXCHANGE, FCT ABUJA

At the Nigeria Commodity Exchange, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: NON-DEDUCTION OF VAT, WHT AND STAMP DUTY (=₦4,914,671.61)

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 and services contract and actual remittance of same." Also, paragraph 3 of the Treasury Circular Ref. No. TRY/A1&B1/2009 OAGF/CAD/026/V/12 dated 19th January, 2009, provides that all MDAs are to deduct Pay As You Earn taxes and Withholding Tax as well as Value added Tax at 5% from each contract payment and remit same to Federal Inland Revenue Service, of the Federal Inland Revenue Service (FIRS). Similarly, paragraph 3 (a) (ii) of the FIRS Circular No. 9902, dated 1st January, 1999, states, "The Withholding Tax on Consultancy fees, management fees, director fees, commission and all service fees other than those mentioned in sub-paragraph (i) above remains at 10% when payable to Limited Liability companies."

Audit observed that:

i. The sum of ₦34,406,205.17 (Thirty four million, four hundred and six thousand, two hundred and five naira, seventeen kobo) was paid for the procurement of goods and services within the period under review, and
ii. The sum of ₦4,914,671.61 (Four million, nine hundred and fourteen thousand, six hundred and seventy one naira, sixty one kobo), being revenue accruable from, VAT, WHT and Stamp Duty, were not deducted and remitted to relevant tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Commodity Exchange, Abuja.

Risks

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

Management's Response

NCX being a subsidiary of the Central Bank of Nigeria, managed and funded by the apex bank. Consequently, all procurement processes in NCX during the period under review was conducted by the Central Bank of Nigeria (PSSD - CBN) on behalf of the Exchange. However, VAT was factored in as part of the contract value and paid to the contracting firms. The observation in respect of Withholding Tax and Stamp Duty is noted and will be deducted and remitted subsequently by NCX.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,914,671.61 (Four million, nine hundred and fourteen thousand, six hundred and seventy one naira, sixty one kobo), being unremitted taxes accruable to the government.
ii. Recover the sum of ₦4,914,671.61 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 2: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦19,341,972.92)

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. The sum of ₦19,341,972.92 (Nineteen million, three hundred and forty one thousand, nine hundred and seventy two naira, ninety two kobo) was paid to different contractors for the supply of various office furniture and equipment in 2023 vide Six (6) paid vouchers, and
ii. There was no evidence to show that the items procured were taken on ledger charge as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Commodity Exchange.

Risks

i. Payment for items not supplied.
ii. Diversion of public funds.
iii. Could lead to pilferage of store items.

Management's Response

Proper inventory records for stores supplies and issues were kept except for maintenance of inventory board for departments/units. Movements of items in stores were adequately documented in inventory records. The records not found during the audit checks was due to oversight and are now attached. However, efforts will be accelerated to ensure that the inventory board is maintained where necessary.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,341,972.92 (Nineteen million, three hundred and forty one thousand, nine hundred and seventy two naira, ninety two kobo), being store items not taken on ledger charge.
ii. Recover the sum of ₦19,341,972.92 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 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: PAYMENTS WITHOUT PREPAYMENT AUDIT (=₦26,321,252.54)

Description of Findings

Paragraph 1705 of the Financial Regulations (FR) (2009) states, "The head of internal Audit Unit in all Ministries/extra-ministerial office shall ensure that 100% prepayment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment.

Checked and passed vouchers received in the Internal Audit Unit must be promptly dealt with and, under no circumstance, shall a voucher be held in that Unit for more than forty-eight (48) hours."

Audit observed that:

i. The sum of ₦26,321,252.54 (Twenty six million, three hundred and twenty one thousand, two hundred and fifty two naira, fifty four kobo) was paid vide eight (8) paid vouchers between March and December, 2023, and
ii. There was no evidence that pre-payment audit was carried out on the payment vouchers. The paid vouchers were also not checked by the Internal Audit Unit, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Commodity Exchange, Abuja.

Risks

i. Misapplication of public funds.
ii. Payment for non-existent transactions.
iii. Diversion of public funds.

Management's Response

Various payments made followed due payment processes as approvals were obtained to incur the expenditure. However, during the period, NCX was under-going restructuring exercise commissioned by the CBN in line with the task of repositioning the Exchange. This led to the implementation of some strategic activities such as the designing of a new organogram for NCX, the Human Resources (HR) Revamp, re-configuration of the new Trading Application for NCX operations etc. The Internal Audit Department which is to report directly to the Board will operate alongside the new organogram on the conclusion of the restructuring exercise.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦26,321,252.54 (Twenty six million, three hundred and twenty one thousand, two hundred and fifty two naira, fifty four kobo), being payments made without prepayment audit.
ii. Recover the sum of ₦26,321,252.54 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 (FR) (2009) should apply.

ISSUE 4: IRREGULARITIES IN THE AWARD OF CONTRACT (=₦18,846,245.97)

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;" Furthermore, 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 ₦18,846,245.97 (Eighteen million, eight hundred and forty six thousand, two hundred and forty five naira, ninety seven kobo) was paid vide three (3) paid vouchers for the procurement of goods and services, and
ii. Documents such as CAC Certificate of Registration, Tax Clearance Certificate, ITF Compliance Certificate, NSITF Compliance Certificate, Pension Compliance Certificate, etc., were not attached to the payment vouchers to authenticate the payments.

The above anomalies could be attributed to the weaknesses in the internal control system at the Nigeria Commodity Exchange.

Risks

i. Loss of public funds.
ii. Diversion of public funds.
iii. Payment for poorly executed contracts.

Management's Response

During the period January 2022 to October 2023, procurement processes and documentation on behalf of NCX were conducted by the CBN procurement department and not the NCX management as CBN subsidiary. Due approvals were obtained for the purchase of 2 Laptops valued at ₦8,234,322.84 as well as for procurement of office furniture and Window Blinds respectively valued at ₦5,392,798.13 and ₦5,219,125.00 during the 2023 fiscal year. (See attached).

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,846,245.97 (Eighteen million, eight hundred and forty six thousand, two hundred and forty five naira, ninety seven kobo), being irregularities in the award of contract.

ii. Recover the sum of ₦18,846,245.97 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 award of contract specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 5: PAYMENT WITHOUT ADEQUATE SUPPORTING DOCUMENTS (=₦4,000,000.00)

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. The sum of ₦4,000.000.00 (Four million naira) was paid vide two (2) payment vouchers for sundry goods and services during the year under review, and
ii. The vouchers were not supported with documents such as invoices, delivery notes, etc., as required by extant laws, to validate the payments.

The above anomalies could be attributed to the weaknesses in the internal control system at the Nigeria Commodity Exchange, Abuja.

Risks

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

Management's Response

Payment for NCX Kano Branch office rent and that of purchase of Xmas hampers for NCX stakeholders respectively for ₦2,000,000.00 was duly approved. However, support document not attached to payment voucher was an over-sight on the of the accounts officer who raised the payment voucher. Consequently, the payment receipts for the expenditure incurred are now attached to the vouchers.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,000.000.00 (Four million naira), being payments without relevant supporting documents.
ii. Recover the sum of ₦4,000.000.00 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 or wrong payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: FOREIGN TRAVELS WITHOUT EVIDENCE OF TRAVEL AND APPROVAL BY THE HEAD OF SERVICE OR THE SECRETARY TO THE GOVERNMENT OF THE FEDERATION (=₦6,234,343.20)

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 ₦6,234,343.20 (Six million, two hundred and thirty four thousand, three hundred and forty three naira, twenty kobo) was paid vide paid voucher No. 20783 dated 28th June, 2023 in respect of a foreign trip for some staff to attend a feasibility study on Africa Cocoa Exchange (AFCX) stakeholder workshop in Accra, Ghana, and
ii. There was no evidence of relevant approvals for the travels such as copies of the invitation letter from the Organization, Immigration stamped pages in their international passports, air-tickets, or boarding pass, reports of training and the approval of the Head of the Civil Service of the Federation, etc.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Commodity Exchange.

Risks

i. Unauthorized payments.
ii. Loss of public funds.
iii. Payment for non-existent transactions.

Management's Response

The foreign trip was undertaken by staff of the CBN on secondment to NCX after due approvals were obtained for the trip. Note that the CBN operated NCX as its subsidiary incorporated as a separate entity with its Board of Directors from where major approvals to incur expenditure came.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,234,343.20 (Six million, two hundred and thirty four thousand, three hundred and forty three naira, twenty kobo), being payment for foreign trips without evidence of approval from head of service or secretary to the government of the federation.
ii. Recover the sum of ₦6,234,343.20 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 wrong and irregular payment specified in paragraph 3109 of the Financial Regulations (2009) should apply.

SECONDARY EDUCATION BOARD, FCT ABUJA

At the Secondary Education Board, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCES ABOVE THRESHOLD (=₦7,640,000.00)

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." Furthermore, paragraph 1420 of the FR (2009) states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that:

i. The Board paid 120 (One hundred and twenty) staff the sum of ₦7,640,000.00 (Seven million, six hundred and forty thousand naira) as cash advances above the stipulated ₦200,000.00 approved limit, between March and November 2023.
ii. The payment was made vide voucher numbers IMP/AD/30/2023, dated 7th November, 2023 and PV/645/2023, dated 31st May, 2023, for the hosting of team of Brunel Business School, University of Brunel, London and for monitoring of 2023 WAEC Examination.

iii. Multiple advances were given to an individual on regular basis without evidence of retirement of the advances, and
iv. Cash advance retirement register/records were not maintained by the Board.

The above anomalies could be attributed to weaknesses in the internal control system at the Secondary Education Board, Abuja.

Risks
i. Payment for non-existent transactions.
ii. Loss of public funds.
iii. Diversion of public funds.

Management's Response
The amount of ₦7,640,000.00 granted for the hosting of a team from Brunel was granted as a special imprest and approved by the Honorable Minister/Permanent Secretary. Because of the nature of the activities involved it could not be contracted out. At the completion of the exercise, it has however been fully retired.
The other voucher was also released as allowance to coordinator of the monitoring team to ensure accountability.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Director/Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,640,000.00 (Seven million, six hundred and forty thousand naira), being cash advances granted above the approved threshold.
ii. Recover the sum of ₦7,640,000.00 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 payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: UNRETIRED ADVANCES (=₦5,849,000.00)

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 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." Also, Treasury Circular Ref. No. TRY/A2&B2/ 2009/OAGF/ CAD/ 026/ V of 24th March, 2009, provides that frequency of reimbursement of any standing imprest shall normally be once in a quarter and shall not exceed twice in a quarter where the need arises."

Audit observed that:

i. The sum of ₦5,849,000.00 (Five million, eight hundred forty nine thousand naira) was granted as cash advance to some staff members for the purpose of enforcement exercise in the department, as at 31st December, 2023, and
ii. These advances were not retired at the time of the audit exercise in October, 2024, contrary to the provisions of the Financial Regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Secondary Education Board, Abuja.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.
iii. Loss of public funds.

Management's response

2023 was a year of political transition of power from one government to another. This resulted in non – release of our monthly operational funds to enable us pay most of the payment vouchers that were ready for payment. The last release we got in 2023 was operational for the month of July which was released in the month of October, 2023. However, the record used by your team during their visit was not updated as mostly the advances have been retired now.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director/Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,849,000.00 (Five million, eight hundred forty nine thousand naira) being unretired cash advanced granted to staff members.
ii. Recover the sum of ₦5,849,000.00 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 failure to recover personal advances, unretired advances, irregular payments, and gross misconduct specified in paragraphs 3118, 3124, 3106, and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦6,634,500.00)

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 (i) 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 ₦6,634,500.00 (Six million, six hundred and thirty four thousand, five hundred naira) was paid for desktop computer, office equipment for the Legal Unit and other supplies to the store of the department, and
ii. There was no evidence that the above procurements were taken on store ledger charge.

The above anomalies could be attributed to weaknesses in the internal control system at the Secondary Education Board, Abuja.

Risks

i. Loss of store items.
ii. Payment for non-existent transactions.
iii. Diversion of public funds.

Management's Response

The observation is noted. Due to the late payment of the cash advances, the store officers were still in the process of updating their ledgers as at the time of auditing. However, the SRV and the store ledgers have been updated.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Director/Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,634,500.00 (Six million, six hundred and thirty four thousand, five hundred naira), being store items not taken on ledger charge.
ii. Recover the sum of ₦6,634,500.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to poor funds management of cash specified in paragraph 3115 of the Financial Regulations (2009) should apply.

TRANSPORT SECRETARIAT, FCT, ABUJA

At the Transport Secretariat Abuja, for the period 1st to 31st December, 2023, the following observations were made:

ISSUE 1: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦8,486,000.00)

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." 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 ₦8,486,000.00 (Eight million, four hundred and eighty six thousand naira) was paid for replacement of expired fire extinguishers and organization of 2023 workers day celebration of the Transportation Secretariat, and
ii. The payments credited to different personal accounts of the staff of the Agency were without supporting documents.

The above anomalies could be attributed to weaknesses in the internal control system at the Transport Secretariat, Abuja.

Risks

i. Payment for non-existent transactions.
ii. Loss of public funds.

Management's Response

Management has reviewed those transactions; concerted measures will be put in place to ensure that all necessary required documents were always attached to payment vouchers. These documents are in the custody of the stores department and must have been submitted during the audit process. The money was transferred to the beneficiaries account as stated Treasury Circular Ref. No: TRY/A8&B8/2008/OAGF/CAD/026/vol ii/465 of 22nd October 2008 on e-payment policy which states that "payments to beneficiaries must be credited to their individual bank account directly" We hereby attached necessary supporting documents for your perusal.

This is a special release for different activities of the Transportation Secretariat. The receipt of the activities and other documents was attached to the payment vouchers. We do not make third party payments. However, we would look into the identified vouchers for further clarification.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Mandate Secretary should be requested to:

i. Account, to the Public Accounts Committees of the National Assembly, the sum of ₦8,486,000.00 (Eight million, four hundred and eighty six thousand naira), being payment without relevant supporting documents.
ii. Recover the sum of ₦8,486,000.00 and remit to the Treasury.
iii. Forward evidence of remittance to 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: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦7,905,400.00)

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 Secretariat granted advances amounting to ₦7,905,400.00 (Seven million, nine hundred and five thousand, four hundred naira) to staff members between 20th March and 31st December, 2023, for the procurement of various items and services.
ii. The payments were made through eight (8) paid vouchers, with each advance granted in excess of the approved threshold, and
iii. The revenue accruable to government was ₦988,175.00 (Nine hundred and eighty eight thousand, one hundred and seventy five naira) from VAT and WHT, if procurements were done through award of contracts.

The above anomalies could be attributed to weaknesses in the internal control system at the Transport Secretariat, Abuja.

Risks

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

Management's Response

The observation is noted. The management will henceforth be ensuring that approvals for staff activities, e.g repairs, purchases would be limited to transaction for less than ₦200,000.00. The management has put stringent mechanisms in place to ensure that such items above ₦200,000.00 and are repetitive in nature are subjected to procurement process and contracts are awarded on them with its attendant benefits. The management provide the evidence of retirement to auditors during the statutory audit exercise. (See the attached appendix 2) for further clarification on the expenditure.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Mandate Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,905,400.00 (Seven million, nine hundred and five thousand, four hundred naira), being advances granted above the approved threshold.
ii. Recover the sum of ₦7,988,175.00 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 specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: GRANTING OF CASH ADVANCES ABOVE THE APPROVED THRESHOLD (=₦15,239,500.00)

Description of Findings
Paragraph 2302 (ii) of the Financial Regulations (FR) (2009) states, "On no account shall special imprests and cash advances be used in place of local purchase order or job order for the procurement of store locally". Also, Treasury Circular Ref. OAGF/CAD/020/V dated 24th March, 2009, requires all local procurements of stores and services costing above ₦200,000 (Two hundred thousand naira) shall be made through award of contracts.

Audit observed that:
i. The sum of ₦15,239,500.00 (Fifteen million, two hundred and thirty nine thousand, five hundred naira) was granted as advances to staff for the procurement of store items and services above the approved limit of ₦200,000.00 (Two hundred thousand naira).
ii. The payments were made through twenty one (21) paid vouchers, with each advance granted in excess of the approved threshold, and
iii. The sum of ₦2,281,937.05 (Two million, two hundred and eighty one thousand, nine hundred and thirty seven naira, five kobo) was revenue accruable to government from deductions of VAT and WHT, if procurements were done through award of contracts.

The above anomalies could be attributed to weaknesses in the internal control system at the Transport Secretariat, Abuja.

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

Management's Response

Observation noted. Some are special release to project accountant for different activities of the Transportation Secretariat. Also, excessive cash advances were necessary at that moment because of emergency procurement. The cash advances were expended in good faith and in the interest of the Federal Government. Attached in Appendix 3 are the necessary retirement receipts used to account for the expenditure. Also, the retirement documents were also presented to the team of the Auditor's during the statutory assignment.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Mandate Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,239,500.00 (Fifteen million, two hundred and thirty nine thousand, five hundred naira), being cash advances granted to staff above the approved threshold.
ii. Recover the sum of ₦2,281,937.50 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: NON-REMITTANCE OF STATUTORY TAXES (=₦19,790,242.75)

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 sum of ₦19,790,242.75 (Nineteen million, seven hundred and ninety thousand, two hundred and forty two naira, seventy five kobo) being tax liability due, was not remitted at the time of audit in March 2024, and
ii. The un-remitted tax included Withholding Tax (WHT) and VAT not deducted from various contracts awarded which had remained un-accounted Revenue collected as shown in the Table below.

S/N	Description	Amount (₦)
1	Contract Sum	158,321,936.60
2	WHT/VAT Due	19,790,242.75
3	WHT/VAT Deducted & Remitted	0
	Unremitted WHT/VAT (Outstanding)	**19,790,242.75**

The above anomalies could be attributed to weaknesses in the internal control system at the Transport Secretariat, Abuja.

Risks

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

Management's Response

The activities of the secretariat are enormous; the contract activities are been handle at treasury department. However, the management is making an effort to remit to the relevant tax authority through the treasury department been the one responsible for award of contract and remittance. Evidence of remittance will be forwarded as indicated in your recommendation.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Mandate Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,790,242.75 (Nineteen million, seven hundred and ninety thousand, two hundred and forty two naira, seventy five kobo), being unremitted taxes.
ii. Recover the sum of ₦19,790,242.75 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to remit 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.

TREASURY AND BUDGET DEPARTMENT, FEDERAL CAPITAL TERRITORY ADMINISTRATION (FCTA), AREA 11, ABUJA

At the Treasury and Budget Department, Federal Capital Territory Administration (FCTA), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: CIRCUMVENTION OF APPROVAL THRESHOLD (=₦16,420,000.00)

Description of Findings

Paragraph 2906(i) of the Financial Regulations (FR) (2009) states, "All contracts or tenders falling within the limits of the threshold prescribed by the Bureau for Public Procurements, except as exempted under the Act, shall attract a "Certificate of 'No objection' to award Contract" for such to be seen as validly executed. The Bureau-shall issue this certificate only when it is satisfied that all necessary per-requisites have been complied with." Furthermore, paragraph 2908 of the 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 ₦27,840,000.00 (Twenty seven million, eight hundred and forty thousand naira) was paid to three (3) different beneficiaries.
ii. The sum of ₦11,420,000.00 (Eleven million, four hundred and twenty thousand naira) was the actual approval limit of the Accounting officer, and
iii. The sum of ₦16,420,000.00 (Sixteen million, four hundred and twenty thousand naira) was paid in excess of the approval threshold of the Accounting officer.

The above anomalies could be attributed to weaknesses in the internal control system at the Treasury and Budget Department, Federal Capital Territory Administration (FCTA), Abuja.

Risks

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

Management's Response

These are payment that were given standing approvals by Hon Minister covering January to December 2023. The payment was made in some occasions to cover the months outstanding. For instance, Payment Voucher number IMP/AD/17/2023 dated 11th April 2023 was processed for 3 months (January – March) totaling ₦15, 000,000.00. The approval granted by the Hon Minister was N5 million per month. (See the payment voucher and minister approval as exhibit 3)

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Permanent Secretary should be requested to:

i. Account, to the Public Accounts Committees of the National Assembly, the sum of ₦16,420,000.00 (Sixteen million, four hundred and twenty thousand naira), being payment above the approval threshold of the accounting officer.
ii. Recover the sum of ₦16,420,000.00 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 payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT OF DRESSING/OUTFIT ALLOWANCE (=₦93,110,000.00)

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 sum of ₦93,110,000.00 (Ninety three million, one hundred and ten thousand naira) was paid as dressing/outfit allowance to Legal officers, Security Personnel in FCT/FCDA, and Drivers attached to Principal Officers of FCTA, and
ii. Approval obtained from the National Salaries, Income and Wages Commission for the allowance was not attached to support the payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Treasury and Budget Department, Federal Capital Territory Administration (FCTA), Abuja.

Risks

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

Management's Response

The payment of uniform Allowance is provided under public service rules 140129 (see exhibit 5) to all officers who wear uniform. The payments were for security personnel attached to FCTA and also for the robe outfits worn by legal officers for the discharge of their court engagements.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦93,110,000.00 (Ninety three million, one hundred and ten thousand naira), being payments for dressing/outfit allowance to Legal officers without approval.
ii. Recover the sum of ₦93,110,000.00 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 overpayment of salaries and allowances to staff and irregular or wrong payment as specified in paragraphs 3111 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: IRREGULAR TRANSFER OF FUNDS TO A TRANSIENT ACCOUNT (₦17,372,443,601.92)

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 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. This can be done by a member of the ministry, extra-ministerial office and other arms of Government attesting payment at the Treasury or Cash Office. Vouchers must be receipted in the presence of the paying officer by the payee or his properly authorized representative at the time payment is actually made, and the amount received completed in words."

Audit observed that:

i. The sum of ₦17,372,443,601.92 (Seventeen billion, three hundred and seventy two million, four hundred and forty three thousand, six hundred and one naira, ninety two kobo) was transferred from Government Account to unknown payee (CBN Inflow) FCTA Operation Account between January and December, 2023.
ii. The reason and purpose of the transfer was not provided, and
iii. The Audit team was denied access to records to confirm the receipts of funds and to check compliance with the Government authority in the utilization of such funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Treasury and Budget Department, Federal Capital Territory Administration (FCTA), Abuja.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.
iii. Loss of public funds.

Management's Response

All the funds transferred were made from FCT Revenue Accounts to FCT Operation Account. Therefore, the payer's account and the payee's account belong to FCTA (see attached CBN bank statement)

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦17,372,443,601.92 (Seventeen billion, three hundred and seventy two million, four hundred and forty three thousand, six hundred and one naira, ninety two kobo), being irregular transfer of funds to a transient account.

ii. Recover the sum of ₦17,372,443,601.92 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: DOUBTFUL PAYMENT OF RENT (=₦645,510,288.97)

Description of Findings

Paragraph 2950(i) of the Financial Regulations (FR) (2009) states, "A ministry, extra-ministerial office or other arms of government shall call for expression of interest or Applications for pre-qualification from consultants where their services so required have been fully ascertained. Furthermore, paragraph 2950(ii) of the FR (2009) states, "Pursuant to sub-section *(I)* above, a notice shall be published in at least 2 (two) national newspapers and the procurement journal." 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 ₦645,510,288.97 (Six hundred and forty five million, five hundred and ten thousand, two hundred and eighty eight naira, ninety seven kobo) was paid to a company and seven (7) others between 17th March, 2023, and 17th May, 2023 for tenancy renewal of residential accommodation for an International Organization in the FCT.
ii. There was no evidence or call for expression of interest in the engagement of Estate Surveyor & Valuers as highlighted in the extant law above.
iii. There were no rent receipts, rent agreement, list of occupants and their nationalities to validate the payment, and
iv. The auditors were not granted access to physically verify and authenticate the existence, location and further details in relation to the property in FCT.

The above anomalies could be attributed to weaknesses in the internal control system at the Treasury and Budget Department, Federal Capital Territory Administration (FCTA), Abuja.

Risks

i. Diversion of public funds.
ii. Payment for non-existent transactions.
iii. Loss of public funds.

Management's Response

The payment was for renewal of existing rents which did not necessitate the calls for expression of interest. The rental agreements are only provided after the payments have been made. The names of foreign occupants are also stated in the agreements (see rental agreement as exhibit 8)

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendation
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦645,510,288.97 (Six hundred and forty five million, five hundred and ten thousand, two hundred and eighty eight naira, ninety seven kobo), being doubtful payment of rent for an international organisation in FCT.
ii. Recover the sum of ₦645,510,288.97 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: NON-SUBMISSION OF STAND-ALONE FINANCIAL STATEMENTS

Description of Findings
Paragraph 4 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/7 dated 18th March, 2016, requires MDAs to prepare annual statutory financial reports in addition to the monthly trial balance to be submitted to Treasury. Similarly, paragraph 5.3 of the Treasury Circular Ref. OAGF/CAD/026/VOL.III/108 dated 1st December, 2016, requires each MDA to prepare IPSAS accrual basis annual statutory financial statements effective 1st January, 2016. The Circular requires all MDAs to prepare the following annual statutory financial statements.

Audit observed that:
i. The Audited Financial Statements for the year ended 31st December, 2023 of the FCTA was not provided for review, and
ii. No reason was given for non-submission of the audited financial statements of the FCTA.

The above anomalies could be attributed to weaknesses in the internal control system at the Treasury and Budget Department, Federal Capital Territory Administration (FCTA), Abuja.

Risks
i. Poor in decision-making by stakeholders.
ii. Reputational damage.

Management's Response
FCT 2023 Stand Alone Financial Statement is yet to be finalized as a result of FCT 2023 Budget extension. However, 2022 statements are attached as exhibit 9

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Permanent Secretary should be requested to:

i. Justify, to the Public Accounts Committees of the National Assembly, the non-submission of stand-alone financial statements for the year 2023.
ii. Produce the stand-alone Financial Statements for 2023 and the corresponding Management Letter/Report as required by extant laws.
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 6: DENIAL OF ACCESS TO ON-GOING PROJECTS' SITES (=₦21,407,827,965.24)

Description of Findings

Paragraph 109(i) of the Financial Regulations (FR) (2009) states, "The Auditor-General shall carry out the following statutory functions:… (d)Value-for-Money (Performance) Audit – to ascertain the level of economy, efficiency and effectiveness derived from government projects and programmes." 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, 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 unit."

Audit observed that:

i. The sum of ₦21,407,827,965.24 (Twenty one billion, four hundred and seven million, eight hundred and twenty seven thousand, nine hundred and sixty five naira, twenty four kobo) was paid for contracts or projects.
ii. The audit team repeatedly requested to be granted access to visit eight (8) selected projects for physical verification to ascertain the existence/extent of work done and value for money but to no avail, and
iii. The Treasury and Budget department, FCTA, failed to provide documents such as the contract files, contact of personnel on project site and other logistics to enable the Audit team carryout the exercise.

The above anomalies could be attributed to weaknesses in the internal control system at the Treasury and Budget Department, Federal Capital Territory Administration (FCTA), Abuja.

Risks
i. Misapplication of public funds.
ii. Payment for non-existent transactions.
iii. Diversion of public funds.

Management's Response
The arrangement for the Auditors were communicated to FCDA but due to time constraints of the Auditors' assignment, but regrettably they could not go when FCDA made arrangement for them. The FCDA is readily available anytime the Auditors wish to reschedule the visit.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Permanent Secretary should be requested to:
i. Account, to the Public Accounts Committees of the National Assembly, the sum of ₦21,407,827,965.24 (Twenty one billion, four hundred and seven million, eight hundred and twenty seven thousand, nine hundred and sixty five naira, twenty four kobo), being payments for unverified contracts and projects.
ii. Recover the sum of ₦21,407,827,965.24 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 7: DOUBTFUL PAYMENTS TO PILGRIMS BOARDS (₦2,769,910,252.01)

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 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. This can be done by a member of the ministry, extra-ministerial office and other arms of Government attesting payment at the Treasury or Cash Office. Vouchers must be receipted in the presence of the paying officer by the payee or his properly authorized representative at the time payment is actually made, and the amount received completed in words."

Audit observed that:
i. The sum of ₦2,769,910,252.01 (Two billion, seven hundred and sixty nine million, nine hundred and ten thousand, two hundred and fifty two naira, one kobo); made up of ₦2,024,511,099.10 (Two billion, twenty four million, five hundred and eleven thousand, ninety nine naira, ten kobo) and ₦745,399,152.91 (Seven hundred and

forty five million, three hundred and ninety nine thousand, one hundred and fifty two naira, ninety one kobo) was transferred from FCTA Treasury Account to the Muslim Pilgrims Welfare Board and FCT Christian Pilgrims Welfare Board between January and December, 2023, and

ii. Access to records of both FCT Christian and Muslim Pilgrims Welfare Boards was denied.

The above anomalies could be attributed to weaknesses in the internal control system at the Treasury and Budget Department, Federal Capital Territory Administration (FCTA), Abuja.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.
iii. Loss of public funds.

Management's Response

This was a result of communication gabs between FCT Treasury and Budget and FCT Christian Pilgrim and Welfare Board. Some of the documents requested are attached as exhibit 12.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,769,910,252.01 (Two billion, seven hundred and sixty nine million, nine hundred and ten thousand, two hundred and fifty two naira, one kobo), being irregular transfer of funds to Pilgrims Boards.
ii. Recover the sum of ₦2,769,910,252.01 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

FEDERAL CAPITAL TERRITORY ADMINISTRATION, ABUJA, INFRASTRUCTURE INVESTMENT CENTRE

At the Federal Capital Territory Administration, Abuja, Infrastructure Investment Center, for the period 1st January to 31st December, 2023, the following observation was made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦4,756,300.00)

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 ₦4,756,300.00 (Four million, seven hundred and fifty six thousand, three hundred naira) was granted as advances through twenty five (25) paid vouchers to some staff of the Centre, for the purchase of various items.
ii. These advances were not posted into the cash advance register, and none was provided for audit, and
iii. Despite repeated requests, evidence of retirement of the advances was not provided at the time of the audit exercise in December, 2024.

The above anomalies could be attributed to weaknesses in the internal control system at the FCTA, Abuja, Infrastructure Investment Centre.

Risks

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

Management's Response

Changes in personnel, staff turnover led to unretired cash advances. However, the management has taken a proactive step in reaching out to staff involved and also to maintain accurate financial records. Copies of retired cash advances {4,7756, 300) ??? attached.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,756,300.00 (Four million, seven hundred and fifty six thousand, three hundred naira), being unretired cash advances.
ii. Recover the sum of ₦4,756,300.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating non-retirement of advances and imprest specified in paragraph 3124 of the Financial Regulations (2009) should apply.

ABUJA INVESTMENTS COMPANY LIMITED, ABUJA

At the Abuja Investments Company Limited, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦5,016,700.00)

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 ₦5,016,700.00 (Five million, sixteen thousand, seven hundred naira) was granted as personal cash advances to eight (8) staff, and
ii. There was no evidence of the retirement of these advances.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Investments Company Limited, Abuja.

Risks

i. Loss of public funds.
ii. Misappropriation of public funds.

Management's Response

All the cash advances for the period under review were retired and filed in a separate file and submitted. However, these were not attached to the payment vouchers used in

making the payment. Hence forth, we will make sure that all retirements are attached to each payment vouchers.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Group Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,016,700.00 (Five million, sixteen thousand, seven hundred naira), being unretired cash advances.
ii. Recover the sum of ₦5,016,700.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating non-retirement of advances and imprest specified in paragraph 3124 of the Financial Regulations (2009) should apply.

ISSUE 2: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦10,424,110.82)

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 storereceipt voucher to the original L.P.O. (see F.R. 2415)."

Audit observed that:

i. Store items amounting to ₦10,424,110.82 (Ten million, four hundred and twenty four thousand, one hundred and ten naira, eighty two kobo) were claimed to have been procured, but were not taken on store charge.
ii. Store Receipt Vouchers (SRVs) and Store Issued Vouchers (SIVs) were not raised and Store Ledger was not updated, and
iii. No store existed in the Secretariat for items in the Table below.

S/N	PV No & Dates	Details	Amount ₦
1	11972 of 24/1/23	Cash Advance for the Diesel supplied at Eagle square arena for the Federal Ministry of Science Technology & Innovation Expo event	880,000.00
2	11971 of 24/1/23	Cash Advance for the Diesel supplied at Eagle square arena for the Federal Ministry of Science Technology & Innovation Expo event	440,000.00
3	2011 of 8/2/2023	Purchase of Motorcycle	700,000.00
4	12244 of 3/5/2023	Supply of Diesel	2,377,590.07
5	12823 of 1311/2023	Printing of 2,000 Ticket booklets	2,028,500.00
6	12509 of 20/7/2023	30% payment for supply of office tables, swivel chairs and visitors' chairs	2,717,175.75

7	12428 of 19/6/2023	Cash advance for the purchase of 12 units of SSD storage device and 12 units off external hard-disk drive casing.	936,000.00
8	12401 of 15/6/2023	Payment for printing of AICL file	344,845.00
	Total		**10,424,110.82**

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Investment Company Limited, Abuja.

Risks

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

Management's Response

The observation is noted, some of the items pass through the store ledger as attached. However. The company has a practice of purchasing items needed directly for immediate use as opposed to buying to be stored for future use. We have implemented immediately the process of passing all items through the store ledger going forward

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Group Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,424,110.82 (Ten million, four hundred and twenty four thousand, one hundred and ten naira, eighty two kobo), being payment for items claimed to have been procured, but not taken on store ledger charge.
ii. Recover the sum of ₦10,424,110.82 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ABUJA TECHNOLOGY VILLAGE FREE ZONE COMPANY, ABUJA

At the Abuja Technology Village Free Zone Company, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNDER-DEDUCTION OF WITHOLDING TAX (=₦2,285,362.13)

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. Two paid vouchers with Ref. No. 126/166 dated 14th December, 2023 for ₦12,201,161.25 (Twelve million, two hundred and one thousand, one hundred and sixty one naira, twenty five kobo) and Ref. No. 008/10 dated 3rd April, 2023 for ₦10,652,460.00 (Ten million, six hundred and fifty two thousand, four hundred and sixty naira); totalling ₦22,853,621.25 (Twenty two million, eight hundred and fifty three thousand, six hundred and twenty one naira, twenty five kobo) were paid to two companies for 2023/2024 expired office rent and 2023 ATV Office rent respectively, and
ii. The statutory 10% Withholding tax of ₦2,285,362.13 (Two million, two hundred eighty five thousand, three hundred and sixty two naira, thirteen kobo) was not deducted from the two payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Abuja Technology Village Free Zone Company, Abuja.

Risks

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

Management's Response

Abuja Technology Village Free Zone Company is the Management company duly registered by Nigeria Export Processing Zone Authority (NEPZA) and gazette under the law of the Federal Republic of Nigeria. In view of its Free Zone Status and other enterprise operating within the Zone, are exempted from legislative provisions pertaining to all Federal, State and Local Government taxes, levies, duties and foreign exchange regulations. The invoice from Nigerian National Merit Award House does not include WHT because of our status while the VAT included in the invoice of immstrat (ACCI) was not paid by ATV. Appendix I- section 39.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,285,362.13 (Two million, two hundred eighty five thousand, three hundred and sixty two naira, thirteen kobo), being under-deduction of withholding tax.
ii. Recover the sum of ₦2,285,362.13 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 2: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦762,500.00)

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." 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 ₦762,500.00 (Seven hundred and sixty two thousand, five hundred naira) was paid for store items purchased within the period under review, and
ii. The items were not taken on ledger charge in the store records of the Village as neither Store Receipt Voucher (SRV) nor Store Issue Voucher (SIV) were made available for verification.

The above anomalies could be attributed to weaknesses in internal control system at the Abuja Technology Village Free Zone Company, Abuja.

Risks

i. Payment for items not purchased.
ii. Diversion of stores.
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 Co-ordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦762,500.00 (Seven hundred and sixty two thousand, five hundred naira), being payment for store items not taken on ledger charge.
ii. Recover the sum of ₦762,500.00 and remit to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: NON-SUBMISSION OF 2022 AND 2023 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."

Audit observed that:
i. The audited financial statements of the Village for the period 2022 and 2023 were yet to be submitted to the Office of the Auditor-General for the Federation at the time of audit in October, 2024, and
ii. There was no cogent reason provided for non-submission of the audited financial statements for years 2022 and 2023.

The above anomalies could be attributed to weaknesses in internal control system at the Abuja Technology Village Free Zone Company, Abuja.

Risks

i. Poor decision-making by stakeholders.
ii. Reputational damage.

Management's Response

The financial statement for the year ended March 2022 and March 2023 are hereby respectfully submitted. The delay in non-preparation of the audited financial statement for year ended March 2024 was due to non-payment of the outstanding audit fees to the external auditor. However, the audit for the year ended March 2024 is in progress and shall be submitted to your respectful office once it is concluded. Appendix V

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Co-ordinator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the non-submission of the audited financial statements.
ii. Produce the Audited Financial Statements and Management Reports for the years ended 31 December, 2022 and 2023.
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 4: IRREGULAR CONVERSION OF OFFICIAL MOTOR VEHICLE BY THE FORMER MANAGING DIRECTOR

Description of Findings

Establishment Circular Reference No. SGF.19/S.52/I/V/720 of 20/02/2017 stipulates that, as part of measures to curb the undesirable practices of taking away or conversion of government properties to personal properties by government officials, Permanent Secretaries and Chief Executives of MDAs are henceforth to ensure painstaking and strict clearance of retiring officer who should be made to submit all government properties including motor vehicles in their custody before their final disengagement from service..." Also, paragraph 2001 of the Financial Regulations (FR) (2009) states, "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of government vehicles…"

Audit observed that:

i. A Toyota Land Cruiser Jeep with chassis number JTEBX9FJ9KK305279 and plate number AT01 FZC could not be accounted for even though they were taken on store ledger charge.
ii. The Jeep was said to be illegally taken away by the former Managing Director. Efforts by the Ag. Managing Director in retrieving this vehicle was not yielding fruitful result as the Human Resources was instructed to mail the former Managing Director without any other actions taken, and
iii. There was no further written documentation or Police report about the vehicle's whereabouts.

The above anomalies could be attributed to weaknesses in internal control system at the Abuja Technology Village Free Zone Company, Abuja.

Risks

i. Loss of public assets.
ii. Diversion of public assets.

Management's Response

The company is currently taking all necessary and appropriate steps to ensure retrieval of the vehicle. Appendix VI

We sincerely appreciate your team and the Supreme Audit Institute for the value addition to our operational process.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Co-ordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the unauthorized conversion of official motor vehicle by the former Managing Director.
ii. Recover the Toyota L/C Jeep with chassis number JTEBX9FJ9KK305279 and plate number AT01 FZC.
iii. Forward the evidence of recovery/retrieval to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-payment for use of government property specified in paragraph 3113 of Financial Regulations (2009) should apply.

FCT EDUCATION SECRETARIAT HEADQUARTERS, ABUJA

At the FCT Education Secretariat Headquarters, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦1,623,360.00)

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 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 ₦1,623,360.00 (One million, six hundred and twenty three thousand, three hundred and sixty naira) was granted as cash advances to some staff of the Secretariat for the purchase of various items, and
ii. The advances were paid through seven (7) paid vouchers but were not retired at the time of the audit exercise in October 2024.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Education Secretariat Headquarters, Abuja.

Risks

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

Management's Response

All of the cash advances have been retired appropriately and the evidences of some of the cash adjustment vouchers are attached for your perusal. See Appendix A

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,623,360.00 (One million, six hundred and twenty three thousand, three hundred and sixty naira), being unretired advances.
ii. Recover the sum of ₦1,623,360.00 and remit to Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to poor cash management specified in paragraph 3115 of the Financial Regulations (2009) should apply.

ISSUE 2: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦12,200,000.00)

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. Store items amounting to ₦12,200,000.00 (Twelve million, two hundred thousand naira) were claimed to have been procured but were not taken on store charge.
ii. Store Receipt Vouchers (SRVs) and Store Issue Vouchers (SIVs) were not raised and Store Ledger was not updated, and
iii. The existing store in the Secretariat was in disorganized situation.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Education Secretariat Headquarters.

Risks

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

Management's Response
The 2023 Budget is running till the 31st December, 2024 as per circular attached in Appendix D, consequently the items was purchased in 2024 and are captured in the store documents of 2024.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Executive Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,200,000.00 (Twelve million, two hundred thousand naira), being store items not taken on ledger charge.
ii. Recover the sum of ₦12,200,000.00 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 gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 3: FAILURE TO CARRY OUT INSURANCE POLICY ON PUBLIC ASSETS

Description of Findings
Section 68 of the Nigeria Insurance Act (2003) 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 under this Act. Also, 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 in accordance with Section 68 of the National Insurance Act, 1997.

Audit observed that:
i. The Secretariat did not take an insurance policy coverage on any of its assets, including motor vehicles, and
ii. This practice is contrary to the directives established by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Education Secretariat Headquarters, Abuja.

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

Management's Response
Not applicable by the Secretariat, however is being handled centrally by the FCT Treasury Department.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Executive Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the failure to insure public assets.
ii. Show evidence of readiness to provide adequate insurance policy for public assets to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

FCT WATER BOARD, ABUJA

At the FCT Water Board, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: FAILURE TO CARRY OUT INSURANCE POLICY ON PUBLIC ASSETS

Description of Findings
Section 68 of the Nigeria Insurance Act (2003) 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 under this Act. Also, 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 in accordance with Section 68 of the National Insurance Act, 1997.

Audit observed that:
i. The Secretariat did not take an insurance policy coverage on any of its assets, including motor vehicles, and
ii. This practice is contrary to the directives established by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Water Board, Abuja.

Risks
i. Financial loss in the event of accident or theft.
ii. Loss of public funds.

Management's Response
All motor vehicles and other critical assets of the Board such as treatment plants were procured and constructed by Federal Capital Territory Administration (FCTA). Insurance policy cover for these assets comes under the purview of FCTA.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The General Manager should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the failure to carry out insurance policy on public assets.
ii. Show evidence of readiness to provide adequate insurance policy for public assets to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: MINISTERIAL INTERFERENCE IN THE FUNDS OF THE BOARD (=₦1,288,729,195.98)

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. The sum of ₦1,288,729,195.98 (One billion, two hundred and eighty eight million, seven hundred and twenty nine thousand, one hundred and ninety five naira, ninety eight kobo) was initiated and executed at the supervising agency's quarters for activities related to the supervising Ministry.
ii. The Board's appropriation for the 2023 fiscal year was not wholly disbursed to the Board as stipulated in the Appropriation Act, 2023. Payments were made from it's appropriation without the authorization of the accounting officer of the Board, 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 FCT Water Board, Abuja.

Risks

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

Management's Response

Your observation is noted. All Secretariat, Department and Agency budget proposals are consolidated into a single document and presented to the National assembly as FCT budget estimate. This means FCT Water Board is not autonomous. The award of contract for capital projects is done by FCT Administration in line with public procurement ACT, 2007. The Board in collaboration with FCT Department of Monitoring and Inspection supervises the project and prepares certificate of valuation for further action on the file and eventual payment to the contractor by FCT Treasury.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The General Manager should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,288,729,195.98 (One billion, two hundred and eighty eight million, seven hundred and twenty nine thousand, one hundred and ninety five naira, ninety eight kobo), being payments made based on the ministerial interference in the funds of the Board.
ii. Recover the sum of ₦1,288,729,195.98 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 specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 3: INFLATION OF CONTRACT PRICE (=₦932,000.00)

Description of Findings

Paragraph 3102(i) of the Financial Regulations (FR) (2009) states, "Any public officer who is alleged to be involved in the inflation of contract shall be allowed 5 days within which to respond to audit query addressed to him. Where the query involves an Accounting Officer, he shall be reported to Mr. President. In the case of any other officer, he shall be surcharged appropriately and removed from the duty schedule, dismissed, and prosecuted. (b) Where the inflation of the contract involves the Tenders Board, all the members that approved the inflated contract shall be severally and collectively sanctioned". Also, section 31(3) of the 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." 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 ₦2,497,547.50 (Two million, four hundred and ninety seven thousand, five hundred and forty seven naira, fifty kobo) was paid for the supply of office equipment to the Central Pay Office (CPO) unit of the Board's Headquarters.
ii. The contract was awarded to a company vide award Ref: FCTWB/KN/S.1/123/TF/16A dated 10th August, 2023.
iii. A line item of ₦500,000.00 (Five hundred thousand naira) as "Servicing and Maintenance of HP Laptop", was included in the contract sum.
iv. Market enquiry revealed that this item was over-invoiced, leading to an inflation of the contract sum.
v. The sum of ₦432,000.00 (Four hundred and thirty two thousand naira) was also included in the contract as provision of Computer Desktop Accessories. A breakdown of the accessories allegedly purchased was not provided.
vi. There was no detailed breakdown on any receipt provided to show evidence of purchase, and
vii. There were no documents such as the invoices and Store Receipt Vouchers (SRV) provided to authenticate that these items were actually purchased or services rendered.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Water Board, Abuja.

Risks

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

Management's Response

All contracts awarded by the Board are subject to competitive bidding from at least 3 contractors as quotations is sought from them which is subjected to evaluation before final selection. The ₦500,000.00 for servicing and maintenance of 2 number laptop and Desktop computers was not over invoiced as major parts of the computer were replaced for it to function effectively.

As for the ₦432,000.00 for the provision of computer accessories, the items were supplied. See job performance certificate as Appendix ii.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The General Manager should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦932,000.00 (Nine hundred and thirty two thousand naira), being overpayment of contract price.
ii. Recover the sum of ₦932,000.00 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 inflation and unauthorized variation of contract in paragraphs 3102 and 3103 of the Financial Regulations (2009) respectively, should apply.

FCT DEPARTMENT OF SCIENCE, TECHNOLOGY AND INNOVATION (DSTI)

At the FCT Department of Science, Technology and Innovation (DSTI), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PAID VOUCHERS NOT PRESENTED FOR EXAMINATION (=₦4,072,000.00)

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. Twenty one (21) paid vouchers amounting to ₦4,072,000.00 (Four million, seventy two thousand naira) were entered into the cash book during the year under review, and
ii. The paid vouchers and supporting documents in respect of the disbursements were not presented for audit, despite repeated requests.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Department of Science, Technology and Innovation (DSTI), Abuja

Risks

i. Payment for non-existent transactions.
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 should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,072,000.00 (Four million, seventy two thousand naira), being payment vouchers not presented for audit.
ii. Recover the sum of ₦4,072,000.00 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 and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCES ABOVE THRESHOLD (=₦5,212,000.00)

Description of Findings

Treasury Circular Ref. No. TRY/A2&B2/2009OAGF/CAD/26/V dated 24th March, 2009, 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 ₦5,212,000.00 (Five million, two hundred and twelve thousand naira), was granted as cash advance to eighteen (18) staff, between 23rd March and 29th September, 2023, for direct procurement of store items and rendering of services to the Department.
ii. The advances were granted in contravention of the approved ₦200,000.00 threshold established by extant regulations, and
iii. This led to loss of revenue to the government amounting to ₦651,500.00 (Six hundred and fifty one thousand, five hundred naira) accruable from taxes (WHT & VAT) had the contract(s) been awarded.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Department of Science, Technology and Innovation (DSTI), Abuja.

Risks

i. Loss of 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 should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,212,000.00 (Five million, two hundred and twelve thousand naira), being circumvention of procurement procedure and granting of cash advances above threshold.
ii. Recover the sum of ₦5,212,000.00 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 and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

FCT AREA COUNCILS' OFFICE OF AUDITOR-GENERAL, ABUJA

At the FCT Area Councils' Office of Auditor-General, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: NON-CERTIFICATION OF MONTHLY CASHBOOK BALANCES BY THE SUB-ACCOUNTING OFFICER (=₦260,080,503.31)

Description of Findings
Paragraph 805 of the Financial Regulations (FR) (2009) states, "the cash book shall be signed at the end of each month by sub-accounting officer whose signature will be taken as certifying the correctness of the entries and cash balances. The cash book will be supported by a balance statement."

Audit observed that:
i. The correctness of the cash book monthly balances amounting to ₦260,080,503.31 (Two hundred and sixty million, eighty thousand, five hundred and three naira, thirty one kobo) was not certified, and
ii. The practice contravened the extant rule on closure of cash book balances.

The above anomalies could be attributed to weakness in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks
i. Misrepresentation of facts.
ii. Loss of public funds.

Management's Response
Observation noted and correction have been effected.
See Appendix 1 attached for Confirmation.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦260,080,503.31 (Two hundred and sixty million, eighty thousand, five hundred and three naira, thirty one kobo), being non-certification of monthly cashbook balances by the sub-accounting officer.
ii. Recover the sum of ₦260,080,503.31 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 specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: NON-SUBMISSION OF 2022 AND 2023 STAND-ALONE AUDITED FINANCIAL STATEMENTS

Description of Findings:
Treasury Circular Ref. No OAGF/CAD/026/VOL II/240 dated 23rd October, 2016, states, "The approved Road map and the implementation of international Public Sector Accounting Standards (IPSAS) in Nigeria, IPSAS accrual basis of accounting which commenced effectively on 1st January, 2016. To this end, all MDAs are to prepare Annual Statutory Financial Reports as provided. Also, paragraph 3210 (v) of the Financial Regulations (FR) (2009) states, "it mandatory for Chief Executive Officer of each parastatal to submit both Audited Accounts and Management Report to the Auditor-General for the Federation."

Audit observed that:

i. The Office's yearly audited accounts had fallen into arrears for two (2) financial years from 2022 to 2023.
ii. The last set of audited annual financial statements submitted in line with the requirement was for the financial year 2021, and
iii. Delays in compliance with financial reporting regulations weakens the executive oversight function and deprives those charged with governance with timely information on performance, for decision making. It also deprives the full range of stakeholders, including the legislature and the executive, of vital information on financial performance and stewardship.

The above anomalies could be attributed to weakness in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

i. Poor decision-making by stakeholders.
ii. Misappropriation of public funds.

Management's Response

The Audit Team did not request for the Stand-alone Report as at the time of the Audit. The report is hereby attached. See Appendix 2 attached for Confirmation for Confirmation

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the failure to present audited financial statements for over two (2) years.
ii. Prepare and submit all the overdue audited financial statements (2022-2023) to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 3: PAYMENT FOR OVERSEAS TRAVELS AND CONFERENCES WITHOUT APPROVAL (=₦3,730,000.00)

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. A total of ₦3,730,000.00 (Three million, seven hundred and thirty thousand naira) was paid vide paid voucher number 0002 dated 23rd February, 2022 as DTA to Gambia for Conference on West African Union of Taxation Institutes (WAUTI) and Society of Women in Taxation (SWIT), and
ii. The was no evidence of approval from the relevant authorities as prescribed by the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

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

Management's Response

Approval was obtained from the Permanent Secretary for the sum of N3,730,000.00 for Gambian Training. See Appendix 5 attached for Confirmation.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,730,000.00 (Three million, seven hundred and thirty thousand naira), being payment for unapproved foreign trips.
ii. Recover the sum of ₦3,730,000.00 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 wrong and irregular payment specified in paragraph 3109 of the Financial Regulations (2009) should apply.

ISSUE 4: PAYMENT FOR TRAINING AND WORKSHOP WITHOUT EVIDENCE OF ATTENDANCE (=₦5,354,000.00)

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." Also, paragraph 234(1) of the 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 service contracts and actual remittance of same."

Audit observed that:

i. The sum of ₦5,354,000.00 (Five million, three hundred and fifty four thousand naira) was paid in respect of training and workshop for seven (7) staff of the Office, and
ii. Necessary documents such as attendance register, certificate of participation, and pictorial evidence were not provided as evidence to show that the beneficiaries of such payments attended such programs.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.

Management's Response

Find in Appendix attached the evidence of attendance and Training certificate of the Participants. See Appendix 6 attached for Confirmation.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,354,000.00 (Five million, three hundred and fifty four thousand naira), being payment of training and workshop without evidence of attendance.
ii. Recover the sum of ₦5,354,000.00 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 or wrong payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 5: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦7,538,588.00)

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 Office granted cash advances amounting to ₦7,538,588.00 (Seven million, five hundred and thirty eight thousand, five hundred and eighty eight naira) to eighteen (18) beneficiaries, above the approved threshold of ₦200,000.00 (Two hundred thousand naira), between 8th March and 21st November, 2023 financial year, and

ii. These advances resulted in a loss of chargeable tax revenue to the Federal Government amounting to ₦942,323.50 (Nine hundred and forty two thousand, three hundred and twenty three naira, fifty kobo), which would have accrued had the goods or services been procured in accordance with established procurement procedures.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

i. Payment for non-existent transactions.
ii. Loss of revenue.
iii. Difficulty in funding the budget.

Management's Response

Observation noted and corrective measure will be effected. Management will abide with provisions of Financial Regulations.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦7,538,588.00 (Seven million, five hundred and thirty eight thousand, five hundred and eighty eight naira), being payment for cash advances above the approved threshold.
ii. Recover the sum of ₦7,538,588.00 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 payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: IRREGULARITIES IN THE PAYMENT OF OFFICE RENT (=₦110,000,000.00)

Description of Findings

Paragraph 707 of the Financial Regulation (FR) (2009) states, "Signatories to an official bank account shall be categorized into A & B, with the officers operating the accounts in category A, while the officers in category B shall be the counter-signatories. No signatory shall be below the Rank of Accountant I or designated officer of equivalent rank. On no account should a cheque/bank mandate be signed by signatories belonging to one category." Furthermore, paragraph 415 of the FR (2009) states, "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 ₦110,000,000.00 (One hundred and ten million naira) was paid as office rent accommodation for the Office for the year under review.
ii. The expenditure in (i) above was made without an authorized bank mandate neither was a payment voucher raised to authorize this payment in contravention of extant circulars.
iii. Withdrawal of public funds without a bank mandate authorization is a serious sign of internal control weakness existent at the Office. The payment was also made without regard to prudence in spending government funds.
iv. There was no price comparison provided from different landlords in the area to ascertain the choice of landlord eventually engaged by the Office.
v. Payment of ₦110,000,000.00 was not made to the landlord directly, instead the fund was diverted to an unknown beneficiary without any legal obligation or commitment with the Office.
vi. There was no agreement between the landlord and the Office, and
vii. There was no evidence and, or, proof that the payment got to the purported beneficiary, as the Office did not present any receipt of rent payment from the landlord.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

i. Payment for non-existent transactions.
ii. Diversion of public funds.
iii. Misappropriation of public funds

Management's Response

The Office Accommodation Rent was duly authorized. See Appendix for the approval, bank mandate and payment Voucher. See Appendix 7 attached for Audit Confirmation.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦110,000,000.00 (One hundred and ten million naira), being irregularities in the payment of office rent.
ii. Recover the sum of ₦110,000,000.00 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 or wrong payment specified in section 19 of the ICPC Act (2000) and paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 7: IRREGULARITIES IN THE PAYMENT OF DUTY TOUR ALLOWANCE (=₦39,841,500.00)

Description of Findings

Paragraph 415 of the Financial Regulations (FR) (2009) states, "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 ₦39,841,500.00 (Thirty nine million, eight hundred and forty one thousand, five hundred naira) was paid to three (3) officers of the Office as Duty Tour Allowance (DTA).
ii. The official duties were within the FCT and the beneficiaries were not on official duty outside their duty station (FCT).
iii. There was no need for the payment as available records and documents showed that the staff did not leave their station in (FCT) for any activities outside Abuja, and
iv. There was no official report of the activities purportedly embarked upon the officers.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

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

Management's Response

Reference to the PSR NO. 140107 (2021 edition) States" Duty Tour Allowance is granted to enable officers pay for lodging and feeding expenses during approved official tours". The Office has complied with the PSR provision stated above. Appendix 8 attached for Audit Confirmation.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦39,841,500.00 (Thirty nine million, eight hundred and forty one thousand, five hundred naira), being irregularities in the payment of DTA.
ii. Recover the sum of ₦39,841,500.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 8: EXTRA-BUDGETARY EXPENDITURE (=₦3,730,000.00)

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 2906(ii) of the 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 ₦3,730,000.00 (Three million, seven hundred and thirty thousand naira) was expended on an expenditure which was not appropriated for in 2023 budget, and
ii. There was no budgetary provision for Gambian Conference on West African Union of Taxation Institutes (WAUTI) and Society of Women in Taxation (SWIT) paid vide PV number 002 dated 23rd February, 2023.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

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

Management's Response

There was budgetary provision for the payment of (₦3,730,000.00).
Appendix 10 attached for Confirmation

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,730,000.00 (Three million, seven hundred and thirty thousand naira), being extra budgetary payment.
ii. Recover the sum of ₦3,730,000.00 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 payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 9: IRREGULAR AWARD AND PROCUREMENT OF MOTOR VEHICLE (=₦26,001,562.50)

Description of Findings

Section 20(2) of the Public Procurement Act (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 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 ₦26,001,562.50 (Twenty six million, one thousand, five hundred and sixty two naira, fifty kobo) was approved and provided for the purchase of Toyota Hilux Utility Vehicle.
ii. The Office deviated from the specification contained in the 2023 Appropriation Act and procured a Ford Ranger without adequate variation and approvals, and
iii. There was no reason given nor approval provided, for the variation in procurement.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

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

Management's Response

Due process for the purchase of Ford Ranger was followed and the re-certification of decision by the FCT Tender Board during the 6th meeting is attached. Appendix 12 attached for Confirmation.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦26,001,562.50 (Twenty six million, one thousand, five hundred and sixty two naira, fifty kobo), being payment for the procurement of unapproved specification of motor vehicle.
ii. Recover the sum of ₦26,001,562.50 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 10: IRREGULAR EXPENDITURE ON THE HARMONIZATION OF REPORTS (=₦16,697,500.00)

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 sum of ₦16,697,500.00 (Sixteen million, six hundred and ninety seven thousand, five hundred naira) was given to two (2) staff vide 3 payment vouchers for the collation and harmonization of reports with the FCT Area Councils' Office of the Auditor-General.
ii. Copies of individual Area Council reports collected, and harmonized were not made available to the audit team for review, and
iii. There was no evidence of breakdown of the cost of the expenditure, rather than the collections by the officers.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

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

Management's Response
All Payment were done appropriately. However, see copies of the printed report which were submitted to the National Assembly and other relevant authorities. See Appendix 15 attached for Audit Confirmation.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Auditor-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,697,500.00 (Sixteen million, six hundred and ninety seven thousand, five hundred naira), being irregular payment for harmonization of reports.
ii. Recover the sum of ₦16,697,500.00 and remit to the Treasury.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 11: PAYMENT OF DUTY TOUR ALLOWANCES TO STAFF WITHOUT SUPPORTING DOCUMENTS (=₦6,876,500.00)

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." 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 ₦6,876,500.00 (Six million, eight hundred and seventy six thousand, five hundred naira) was paid as duty tour allowances and course fees to officers.
ii. The course fees were not paid to the consultants or the trainers' accounts, but to staff vide payment vouchers numbers 29, 30 and 31, and
iii. There was no documentary evidence such as group photograph, video coverage, certificate of participation and report on the events.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils Office of the Auditor-General.

Risks
i. Payment for non-existent transactions.
ii. Loss of public funds.

Management's Response
Evidence of Certificate of attendance of the participant's attached for the training. See Appendix 16 attached for Confirmation.

Auditor's Evaluation
The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations
The Auditor-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,876,500.00 (Six million, eight hundred and seventy six thousand, five hundred naira), being payment of duty tour allowances to staff without sufficient supporting evidence.
ii. Recover the sum of ₦6,876,500.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 12: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCES ABOVE APPROVED THRESHOLD (=₦5,726,288.00)

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 Council granted cash advance amounting to ₦5,726,288.00 (Five million, seven hundred and twenty six thousand, two hundred and eighty eight naira) to fourteen (14) beneficiaries for procurement of goods and services.
ii. The advances were granted in excess of the approved threshold of ₦200,000.00 (Two hundred thousand naira), and
iii. The practice deprived the government of revenue accruable from taxes, amounting to ₦916,206.08 (Nine hundred and sixteen thousand, two hundred and six naira, eight kobo), had the contracts been awarded.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils Office of the Auditor-General.

Risks

i. Payment for non-existent transactions.
ii. Loss of revenue.

Management's Response

Observation noted and corrective measure will be effected. Management will abide with provisions of Financial Regulations.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦5,726,288.00 (Five million, seven hundred and twenty six thousand, two hundred and eighty eight naira), being circumvention of procurement procedure and granting of cash advances above approved threshold.

ii. Recover the sum of ₦5,726,288.00 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 payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 13: IRREGULARITIES IN FUELING EXPENSES (=₦3,667,350.00)

Description of Findings

Paragraph 1004(ii) of the Financial Regulations (FR) (2009) states, "On no account shall personal advance be used in disguise of special imprest in the procurement of stores which is governed by the provision of chapter 23 of these Regulations." Furthermore, paragraph 2005 of the FR (2009) states, "Ministries/extra-ministerial offices and other arms of government shall enter into reasonable agreements with petrol dealers for supply of fuel, on a monthly credit basis. As much as possible cash purchases should be limited to touring duties and emergency cases where supply is not immediately available from the regular supplier." 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 ₦3,667,350.00 (Three million, six hundred and sixty seven thousand, three hundred and fifty naira) was paid for fuelling of vehicles by the Office, through fourteen (14) paid vouchers, and
ii. There was no evidence of agreement entered into, with petrol dealer, in accordance with extant rules.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils' Office of the Auditor-General.

Risks

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

Management's Response

No Appendix was attached to respond to issue 20. Appendix not attached to see breakdown on those affected staff.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,667,350.00 (Three million, six hundred and sixty seven thousand, three hundred and fifty naira), being irregularities in fueling expenses.
ii. Recover the sum of ₦3,667,350.00 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 poor cash management and irregular or wrong payment specified in paragraphs 3115 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 14: UNRETIRED ADVANCES (=₦3,483,300.00)

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 instalment 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. The sum of ₦3,483,300.00 (Three million, four hundred and eighty three thousand, three hundred naira) was paid vide 11 (Eleven) paid vouchers as advances to some staff of the Office for the purchase of various items, and
ii. These advances were not retired at the time of the audit in October, 2024.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils Office of the Auditor-General.

Risks

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

Management's Response

No Appendix was attached to respond to issue 21 Appendix was not attached to see breakdown on those affected staff.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,483,300.00 (Three million, four hundred and eighty three thousand, three hundred naira), being unretired advances.

ii. Recover the sum of ₦3,483,300.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to poor cash management specified in paragraph 3115 of the Financial Regulations (2009) should apply.

ISSUE 15: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦1,996,250.00)

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." Similarly, paragraph 613 of the FR (2009) states, "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:
i. Three (3) payments totalling ₦1,996,250.00 (One million, nine hundred and ninety six thousand, two hundred and fifty naira) were made to three (3) officers during the period under review, and
ii. There was no evidence that the payments reached the rightful beneficiaries.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT Area Councils Office of the Auditor-General.

Management's Response

The beneficiaries received the payments as shown in the Certificate of Honour attached. See **Appendix 18** attached for Confirmation.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Auditor-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum ₦1,996,250.00 (One million, nine hundred and ninety six thousand, two hundred and fifty naira), being violation of e-payment policy of the federal government.

ii. Recover the sum ₦1,996,250.00 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 e-payment violations specified in paragraphs 3127 and 3128 of the Financial Regulations (2009) respectively, should apply.