



**ANNUAL REPORT
OF THE
AUDITOR-GENERAL
FOR THE FEDERATION
ON THE ACCOUNTS OF THE
FEDERATION OF NIGERIA
FOR THE YEAR ENDED
31ST DEC., 2015**

PART I

The Clerk to National Assembly,
National Assembly Complex,
Maitama,
Abuja.

**ANNUAL REPORT OF THE AUDITOR-GENERAL FOR THE
FEDERATION ON THE ACCOUNTS OF THE FEDERAL
GOVERNMENT OF NIGERIA FOR THE YEAR ENDED
31ST DECEMBER, 2015**

PART 1

In accordance with Section 85(2) and (5) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), I am pleased to submit 2 (two) signed copies of Part 1 of my Report on the Accounts of the Federal Government of Nigeria for the year ended 31st December, 2015. It contains audit observations made on the underlying accounting records of Ministries, Departments and other Agencies of Government and is meant for a more timely submission, for the information of the Public Accounts Committees and Accounting Officers. Part II will contain audit observations on the Accountant-General's Financial Statements for the year under review and will be submitted as soon as the Accountant-General's comments on audit observations raised thereon are received and reviewed, as mentioned in the Introduction to this Report.

(SIGNED)

MRS. FLORENCE N. ANYANWU, FCNA, ACTI
Acting Auditor-General for the Federation

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REPORT OF
THE AUDITOR-GENERAL FOR THE FEDERATION
ON THE ACCOUNTS OF THE
FEDERAL GOVERNMENT OF NIGERIA
FOR THE YEAR ENDED 31ST DECEMBER, 2015

PART I

The underlying accounting records of the Federal Government of Nigeria for the year ended 31st December, 2015 have been examined under my direction in accordance with Section 85(2) and (4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended). Observations and comments made during the audit are presented in this Report.

(SIGNED)

MRS. FLORENCE N. ANYANWU, FCNA, ACTI
Acting Auditor-General for the Federation

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Abuja.

Date: 2nd Dec., 2016.

SECTION 1

INTRODUCTION

1.0 INTRODUCTION

1.1 I am required by Section 85(5) of the Constitution of the Federal Republic of Nigeria 1999, to submit my Report on the audit of the Accountant-General's Financial Statements to the National Assembly within 90 days of the receipt of the Statements from the Accountant-General of the Federation. The Financial Statements of the Federation for the year ended 31st December, 2015 were submitted to me by the Accountant-General of the Federation on 10th August, 2016.

My preliminary observations on the Statements were forwarded to the Accountant-General for his comments on 6th October, 2016, with a 30 – day response period. However, as at 30th November, 2016, the Accountant-General's response to my preliminary observations is still being awaited.

On account of the foregoing, coupled with my personal conviction on the need for a timely, accurate and reliable Federal Government Account, I have opted to submit my Annual Report for 2015 in 2 Parts. Part I, which is this one, contains reports on Losses of Cash and Stores as well as reports on the audit of the underlying accounting records of Ministries, Departments and some Agencies. Part II will contain observations made on the Financial Statements submitted by the Accountant-General of the Federation for the year under review and will be submitted as soon as the Accountant-General's comments are received and reviewed. Under this arrangement, Sections of the Report which are ready will not be unduly delayed.

1.2 Government Statutory Corporations, Companies, Commissions, etc.

The Financial Statements of Government Statutory Corporations, Companies, Commissions, etc otherwise called Parastatals are not presently included in the Financial Statements of the Federation and hence are not audited by my Office, as per Sections 85(2) and (3) (a) of the 1999 Constitution.

However, in accordance with Section 85(3) (b) of the 1999 Constitution, their annual accounts and auditor's reports thereon shall be submitted to me for my comments. Most of the government Corporations, Companies and Commissions have not submitted their audited accounts for 2015 to me. Only 26 audited Financial Statements for 2015 had been submitted to my Office as at 23rd September, 2016, despite the provision of Financial Regulation 3210(v) which enjoins the Chief Executive Officer to submit both the Audited Accounts and Management Report to me not later than 31st May of the following year of Account.

The flagrant violation of this statutory obligation by these Parastatals is quite disturbing. I therefore enjoin the Public Accounts Committees to assist in enforcing strict compliance with this important Constitutional provision.

1.3 Public Accounts Committees

My Report on the accounts of the Federation for the year ended 31st December, 2014 was submitted to the National Assembly on 14th March, 2016. The Report is yet to be considered by the Public Accounts Committees of the Senate and the House of Representatives, who are still dealing with my earlier Reports. There is need to hasten the review of these earlier Reports and come up to date with the more recent ones. There is an even more compelling need for concluded Recommendations of the Public Accounts Committees to be laid before the Senate and House of Representatives for ratification. Without this legislative endorsement and onward transmission to the Executive Arm of Government for implementation, the accountability process will not be complete.

Towards the tail end of 2015, an interactive Workshop on SAI-PAC Relations was held to broaden awareness among members/participants on trending international best practice and improve the relationship between the Public Accounts Committees and my Office. Similar interactions will continue in future.

1.4 Response To Audit Queries

Significant improvement has continued to be recorded in the attitude of Ministries and Agencies to audit queries emanating from my Office. The MDAs are becoming attuned to their civic responsibilities of responding to observations and audit queries raised against them by my Office. This is a tremendous improvement over the situation in the past where virtually no responses were received to my observations.

However, some Accounting Officers are still ignoring the provision of Financial Regulation 3101 which stipulates that “Any Accounting Officer or public officer who fails to give satisfactory explanations to the audit queries within the stipulated time as indicated in the provisions of this chapter of the Regulations, shall be sanctioned accordingly as provided for in the chapter”.

1.5 Audit Report

The Report has been arranged in some areas to reflect sectoral alignment. It is divided into 7 major Sections including Introduction which forms Section 1. The other Sections are stated below:-

1.6 Section 2: Losses of Cash, Stores, Plants, Vehicles and Equipment

This Section covers cases of losses of cash, stores etc, arising from theft, fraud, negligence, inadequate security and breaches of financial and other extant regulations that have come to the notice of this Office since the date of my last Report.

1.7 Section 3: Ministries, Departments and Agencies (MDAs)

(a) PART A: Core Ministries and Departments:

This Section contains observations raised on the Accounts and Records of core Ministries and Government Departments.

(b) PART B: Security Sector

This Section contains observations made on the Accounts of the Police, the Military and other Security Agencies.

(c) PART C: Judiciary

This Section contains observations made on the Accounts of the Judiciary and Courts.

(d) PART D: Legislature

This Section contains observations made on the Accounts of the Legislature and the National Assembly.

1.8 Section 4: FCT and Area Councils

This Section contains observations made on the Accounts of the Federal Capital Territory Administration and its Agencies, including the Area Councils.

1.9 Section 5: Programme and Performance Audit

This Section contains observations raised from the audit of various government programmes and projects whose basic objective is to determine the economy, efficiency and effectiveness of public expenditure vis-à-vis the value derived from such expenditures.

1.10 Section 6: Periodic Checks of Statutory Bodies

Section 85(4) of the 1999 Constitution mandates me to conduct periodic checks of all Government Statutory Corporations, Commissions, etc. This Section contains the observations made on the Accounts of those Agencies and Parastatals visited and checked during the year under review. The Reports have been grouped to reflect Sectoral alignment in the order of Extra-Ministerial Agencies, Health and Allied Institutions as well as Education and Research Institute.

1.11 Section 7: Revenue Audit

The importance of Internally Generated Revenue to national development cannot be over-emphasized, hence the need to adequately account for revenues of government makes this section more relevant. It therefore contains observations arising from the audit of main government revenue generating and other agencies in the Financial and Economic Sector

1.12 ACKNOWLEDGEMENTS

SECTION 2

**LOSSES OF CASH, STORES,
PLANTS, VEHICLES AND
EQUIPMENT**

LOSSES OF CASH, STORES, PLANTS, VEHICLES AND EQUIPMENT

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

2.01 The following schedule shows the comparative position of reported cases with regard to losses in the preceding 5 (five) years:

YEAR	LOSS OF CASH		LOSS OF STORES	
	NO	AMOUNT (₦)	NO	AMOUNT ₦
2010	-	-	2	7,150,000.00
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-

2.02 The NIL position of reported cases over the last 5 years is a clear indication of the outright disregard of the provisions of Chapters 25 and 26 of the Financial Regulations which enjoin all Accounting Officers to render reports of any loss of Cash, Stores, Plants, Vehicles and Equipment to my Office, the Office of the Accountant-General of the Federation and to the Federal Civil Service Commission. Losses of cash, stores etc were not officially reported by the MDAs to my Office during that period.

2.03 No accident case involving any Government vehicle was reported during the year under review. This is not to say that it was NIL situation with all the Federal Ministries if the Quarterly Returns on Government vehicles had been promptly rendered. It is another indication of outright disregard of laid down regulations and procedures by Accounting Officers. The situation is quite worrisome.

The stated regulations require strict compliance by all Accounting officers.

NIGERIA POLICE FORCE, ENUGU STATE POLICE COMMAND

2.04 During the audit examination of accounting records maintained by the Enugu State Police Command, Enugu State, the following were observed:

(a) One K-2 Assault AR06 Rifle No. 07008759 was reportedly snatched by armed robbers from one Police Officer who lost his life during the incident and another K-2 Assault AR06 Rifle No. 07010099 was also snatched by armed robbers from a Police Inspector. Neither a police investigation report nor a completed Part II and III of

Treasury Form 146 were presented for audit inspection, in compliance with the provisions of Financial Regulations 2604 and 2606.

The Inspector-General of Police had been requested to formally report these missing rifles. Otherwise, the full weight of Financial Regulations 3101 and 3129 will be applied.

(b) One (1) AK-47 No 9918 was missing. The rifle was signed and collected by one Police Corporal attached to Nkanu West LGA Chairman. This rifle got missing since 5th September, 2014.

In the light of the above, the Inspector General of Police has been requested to look into the matter and produce up to date information on the missing rifle for audit verification.

(c) One (1) AK-47 No 19681 with 30 rounds of ammunition assigned to a police corporal was missing as contained in DTO 210700/08/2015.

The Inspector-General of Police had been requested to either produce the rifle for audit verification or up to date information on the rifle.

NIGERIA POLICE FORCE, IMO STATE POLICE COMMAND
DIVISIONAL POLICE OFFICE, UMUGUMA, OWERRI WEST LGA

2.05 During the audit examination of accounting records maintained by the Divisional Police Office, Umuguma, Owerri West Local Government, Imo State, the following were observed:-

(a) One (1) assault rifle with breech No. 07029595 with 28 (Twenty-eight) rounds of 5.56mm calibre ammunition was lost by one Police Inspector on 5th February, 2015 at Avu Obosima Road while on duty, vide police wireless message reference AR:2300/IMS/OWW/Vol.4/129, DTO: 052330/02/2015.

There has not been any Police official Investigation Report and the loss had not been reported as required by Financial Regulations 2604 and 2606.

The Inspector-General of Police has been requested to instruct the Officer in charge to produce the Police Investigation Report and a completed Part II and III of Treasury 146 for audit verification. His response is being awaited.

(b) On 13th March, 2015, auction sale of 56 (fifty-six) nos. abandoned/unclaimed exhibit items of various descriptions was carried out vide Court Order No. IHIA/MISC/6/2014 of 16th December, 2014.

The purported auction sale was carried out without compliance with due process, transparency and accountability because the following documents were not produced for inspection on 18th October, 2015 when the audit was carried out.

- (i) Board of Survey Reports
- (ii) Bureau of Public Procurement Certificate.
- (iii) Auctioneers Report/Accredited License
- (iv) Auction sale receipts as evidence of Revenue generated and how it was accounted for.

This non-adherence to due process was contrary to the provisions of Financial Regulations 2619, 2620 and 2964.

The Inspector-General of Police has been requested to explain the flagrant disregard to the provisions of the Financial Regulations and produce items (i – iv) listed above for audit verification.

**NIGERIA POLICE FORCE, RIVERS STATE POLICE COMMAND,
B'DEPARTMENT OPERATION, MOSCOW ROAD, P/HARCOURT**

2.06 During the audit examination of accounting records maintained by the Rivers State Police Command, B Department Operations, Moscow Road, Port Harcourt, it was observed that 8 (eight) Arms made up of 6 (Six) AK 47 rifles and 2 (Two) Assault Rifles were lost by a Police Officer. In addition, 147 (One hundred and forty-seven) rounds of ammunition were reportedly lost by Officers of the Unit.

Neither Police Investigation Report nor completed Part II and III of Treasury 146 were presented for audit inspection in compliance with the provisions of Financial Regulation 2604.

The Inspector-General of Police has been requested to produce these documents mentioned; otherwise, the provisions of Financial Regulations 3101 and 3129 would be applied.

**NIGERIA POLICE FORCE, IMO STATE POLICE COMMAND DIVISIONAL
POLICE OFFICE, UMUAGWO, OHAJI LGA, IMO STATE**

2.07 During the audit examination of accounting records maintained by the Divisional Police Office, Umuagwo, Ohaji Local Government Area, Imo State, the following were observed:

- (a) Five (5) arms recorded in the Arms/Ammunition Returns of 19th September, 2013 could neither be traced in the latest handover note of the Armourer and Divisional Police Officer (DPO) with Ref. No. AB:4450/IMS/OHJ/VOL.3/418 of 7th April, 2014, AB:4450/IMS/OHJ/VOL.3/421 of 31st August, 2015 respectively, nor sighted physically at the time of the audit inspection on 14th October, 2015. The Arms Movement Register could not account for these arms and no document of any sort was presented to the audit team in that regard.

The Inspector-General of Police has been requested to account for these missing three (3) AK 47 and Two (2) AR rifles.

(b) Seventeen (17) Material Exhibits were neither sighted, nor any bond produced to authenticate approval or authority for their release. The absence of the release bonds made it difficult to accept that the exhibits were released to their bonafide owners. This anomaly is contrary to the extant Police guideline and rules.

The Inspector-General of Police has been requested to account for these exhibits, furnishing copies of the authority for their release for audit verification.

**NIGERIA POLICE FORCE, AREA COMAND AND DIVISIONAL
POLICE OFFICE, OWERRI URBAN, IMO STATE**

2.08 During the audit examination of accounting records maintained by the Area Command and Divisional Police Office, Owerri Urban, Imo State, it was observed that one (1) Black Mazda Saloon Car with Serial No. 52/2014 LFRP No. 05/2014 and Registration Number FG638SKY, which was abandoned at Mbaise Motor Park by unidentified person on 6th August, 2014 was not physically produced for audit inspection and could not be accounted for as at the time of audit on 13th October, 2015. This vehicle was not in the handover note to the present Exhibit Keeper dated 8th June, 2015, neither was any report of loss nor police investigation report produced to account for its whereabouts.

The Inspector-General has been requested to account for the Mazda Saloon car in accordance with the provisions of Financial Regulation 3107 and furnish me with the evidence of recovery and action taken. His response is being awaited.

**NIGERIA POLICE FORCE, IMO STATE POLICE COMMAND
DIVISIONAL POLICE OFFICE, IHO, IKEDURU LGA, IMO STATE**

2.09 During the audit examination of accounting records maintained by the Divisional Police Office, Iho, Ikeduru Local Government Area, Imo State, the following were observed:

(a) Five (5) LAR rifles were documented in the Arms/Ammunition Ledger/Register whereas in the current returns Ref. CQ:2400/IMS/IV/VOL.2/152 dated 10th October, 2015 only three (3) Nos. were recognized, leaving a difference of two (2) Nos as at the time of audit inspection on 12th October, 2015.

(b) One (1) LAR rifle with breech No. 1693452, was said to have been with one Officer, at 'B' Operation Department, Owerri but no document was presented to authenticate the transaction. The second LAR rifle with Breech No. 1693989 was officially transferred to 'B' Operation via signal.

The Inspector-General of Police has been requested to properly account for the LAR rifle with breech No. 1693452.

(c) Auction sales of 17 (Seventeen) unclaimed exhibit items were carried out vide Suit No. MHO/MISC.I/2014 dated 9th June, 2015 and list of items auctioned Ref No. CB:3592/IMS/W1/VOL.2/41 dated 25th June, 2015.

Further audit scrutiny revealed the following irregularities:

- (i) There was no public notice.
- (ii) No Board of Survey Report.
- (iii) The auctioneer's report/license (accredited) was not produced.
- (iv) The amount generated and how it was accounted for was not stated.

This act is contrary to Financial Regulations 2619, 2620 and 2964 which is sanctionable in line with provision of Financial Regulation 3129.

The Inspector-General of Police has been requested to fully account for the proceeds of the auction sales and forward items (i – iv) above for audit verification.

NIGERIA MOBILE POLICE FORCE, SQUADRON 43
LION BUILDING, LAGOS

2.10 During the audit inspection of arms and ammunition records maintained by the Nigeria Mobile Police Force, Squadron 43 Lion Building, Lagos, it was observed that twenty-five (25) arms of different makes were reported lost. Neither police investigation reports nor completed Part II and III of the Treasury Form 146 was presented for audit verification, in compliance with Financial Regulations 2604 and 2606.

The Inspector-General of Police has been requested to give up-to-date formal report of these missing rifles. Otherwise, the full weight of Financial Regulations 3101 and 3129 will be applied.

All these observations have been communicated to the Inspector-General through my Audit Inspection Report Ref. OAuGF/D&SAD/NI/S/AIR/VOL.IV/124 of 23rd June, 2016 and his response is still being awaited.

OFFICE OF THE SECRETARY TO THE GOVERNMENT
OF THE FEDERATION (GENERAL SERVICE OFFICE)

2.11 At the Office of the Secretary to the Government of the Federation, it was observed that one (1) Toyota Land Cruiser worth ₦17,000,000.00 (Seventeen million naira) attached to the Secretary to the Government of the Federation was involved in an accident. This case had not been reported officially in compliance with the provision of the Financial Regulations, Chapter 20 Part II.

The details of the vehicle involved in the accident are as follows:-

Make: Toyota Land Cruiser
Registration No. FG 944 B02
Chassis No. HRNGR05H81B402360

This issue has been communicated to the Permanent Secretary (GSO) and his explanation for non-compliance with the Financial Regulation is being awaited.

PUBLIC COMPLAINTS COMMISSION

2.12 At the Public complaints Commission, the following observations were made:-

(a) **Theft of vehicles:** Two (2) different vehicles were allegedly snatched from the Residence of the Public Complaints Commissioner at Bajoga town in Funakaye Local Government Area of Gombe State on 4th December, 2014.

(i) Toyota Hilux Van with Chassis Number AHTEX 226408161040 and Registration Number FG 44 P43.

(ii) Prado Jeep V2 with Engine Number 8543063-2TR, Chassis Number JTEBX9FJ4DK143578 and Registration Number 01V 16FG. Efforts being made towards the replacement of the lost vehicles through the Insurance Policy should be stated.

(b) **Un-recovered Advances to Dead/Retired officers in Public Complaints Commission**

Two (2) retired officers have outstanding balances of ₦5,777,595.00 (Five million, seven hundred and seventy-seven thousand, five hundred and ninety-five naira) against them.

These advances should be recovered from the final entitlements of the concerned officers while evidence of recovery should be forwarded for confirmation.

The issues above have been communicated to the Honourable Chief Commissioner and his responses are being awaited.

NIGERIA FIRE SERVICE, ABUJA

2.13 Audit inspection of records of the above Service revealed that 1 (One) Toyota Hilux Pick-up with Registration Number FFS-27 was involved in an accident and got burnt beyond repairs. The accident occurred on 10th August, 2014 at Kwaita Bridge in Kwali Area Council, FCT Abuja.

This accident has not been reported officially to my Office in accordance with the Financial Regulations by furnishing the following documents:-

- (i) Completed Treasury Form 146
- (ii) Interim and Final Police Reports
- (iii) Management Enquiry Report
- (iv) Internal Control measures to avoid future occurrence
- (v) Quarterly returns on all accidents to government vehicle as stipulated by Financial Regulation 2028.

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

NATIONAL HAJJ COMMISSION

2.14 The examination of records of the Commission revealed that 1 (One) Toyota car (Black) with Registration Number FG 17 assigned to the Director, Operations was involved in an accident while on a journey from Abuja to Jigawa State and was badly damaged.

This vehicle had since been parked at the office premises without official report to my Office in accordance with the provision of the extant rules and Financial Regulations by furnishing the following documents:

- (i) Full details of the motor vehicle including cost and year of purchase
- (ii) Completed Treasury Form 146
- (iii) Police Reports (Interim and Final)
- (iv) The Driver's Report
- (v) Management Enquiry and Disciplinary Report
- (vi) Management's action and internal control measures to prevent future occurrence.

The Executive Secretary has been requested to explain the reason for the anomaly and his response is being awaited.

SECTION 3

**MINISTRIES,
DEPARTMENTS
AND AGENCIES (MDAs)**

MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

PART A: CORE MINISTRIES AND DEPARTMENTS

FEDERAL MINISTRY OF AVIATION

3.01 At a recent audit of accounting records domiciled at the Ministry of Aviation, it was observed that 51 (Fifty-one) recurrent expenditure account items, mainly Local and International travel and transport, authorized and paid between October and December, 2015 totaling ₦147,018,209.36 (One hundred and forty-seven million, eighteen thousand, two hundred and nine naira thirty-six kobo) were inappropriately charged to the Capital Development Account of the Ministry. This was a contravention of the 2015 Appropriation Act and Financial Regulation 417 which unequivocally stipulates that “Expenditure shall strictly be classified in accordance with 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”.

The Permanent Secretary has been asked to explain the circumstances that warranted the Ministry’s misapplication of capital development fund for expenditure items which appears at variance with the Appropriation Act and extant rules. Otherwise, the amounts involved should be recovered and recovery particulars forwarded to my Office for verification.

(b) A review of 2015 Capital Development Account revealed that the Ministry effected 2 (Two) payments to a company vide payment voucher numbers FMA/CAP/040/15 of 29/10/15 and FMA/CAP/074/15 of 30/12/15 for the sum of ₦174,857,870.69 (One hundred and seventy-four million, eight hundred and fifty-seven thousand, eight hundred and seventy naira, sixty-nine kobo) and ₦252,845,140.00 (Two hundred and fifty-two million, eight hundred and forty-five thousand, one hundred and forty naira) respectively. The payments totaling ₦427,703,010.69 (Four hundred and twenty-seven million, seven hundred and three thousand, ten naira, sixty-nine kobo), VAT and WHT inclusive, were for direct procurement of Navigational Aids/spare parts and maintenance services rendered to the Ministry.

However, further scrutiny of the capital appropriation document revealed a zero budget allocation for the purchase of Air Navigation Equipment with code number 23010131. This constituted a gross violation and distortion of the Appropriation Act.

The Permanent Secretary has been requested to furnish me with the Statutory Financial Instrument of the National Assembly authorizing the expenditure. In addition, the responsible officials involved in the authorization and disbursement of the fund should be held liable for lack of due diligence.

(c) The Ministry granted personal advances totaling ₦13,822,750.00 (Thirteen million, eight hundred and twenty-two thousand, seven hundred and fifty naira) to 10 officials through 10 payment vouchers.

Each of the advances granted were above the ₦200,000.00 ceiling stipulated by Treasury Circular number TRY/A3 & B3/2012, OAGF/CAD/026/V.1/161 of 24th March, 2009 that “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 contract, except as provided by the Public Procurement Act 2007”.

As a result, the Federal Government lost revenue totaling ₦1,382,275.00 (One million, three hundred and eighty-two thousand, two hundred and seventy-five naira) which would have been generated through Value Added Tax (VAT) and Withholding Tax (WHT) on the total contract sum, if the transaction had been made through award of contract as required by the Government Treasury Circular.

The Permanent Secretary has been asked to explain the rationale for ignoring the Treasury Circular that stipulates the limit of personal advance to members of staff and to recover and remit to the FIRS, the tax avoided by this action.

(d) Twenty-three (23) store items ranging from Sharp Toner, Xerox toner, HP laser jet, Panasonic intercom, Panasonic Help, Fax, Conqueror Letter headed paper and so on, procured over the years and valued at ₦837,000.00 (Eight hundred and thirty-seven thousand naira) were left to waste and rust without being put to use in abridgement of Financial Regulation 415 which stipulates that “Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted”.

It is pertinent that necessary machinery should be set in motion to ensure effective consumption or disposal of the items, in line with government regulations, remitting appropriately to the Federal Treasury, the proceeds of such disposal and furnishing the particulars for audit verification.

(e) One hundred and eight (108) personal advances totalling ₦129,104,640.00 (One hundred and twenty-nine million, one hundred and four thousand, six hundred and forty naira) granted to staff of the Ministry between January, 2012 and December, 2015 for the purchase of working materials, servicing of Ministerial Committee meetings, purchase of stationeries, fueling of official motor vehicle and other sundry activities of the Ministry, were still unretired even at audit inspection time in May, 2016.

It is very worrisome that some of the officials were granted double/multiple advances without retiring the previous ones, in breach of Financial Regulation 1404(iii) which stipulates that “Officers responsible for the advance accounts records must examine such records each month and are also responsible for bringing to the notice of the Accounting Officer any item which are overdue for settlement”.

In view of this irregularity, the unretired advances totaling ₦129,104,640.00 (One hundred and twenty-nine million, one hundred and four thousand, six hundred

and forty naira) should be recovered en-bloc from the salaries of the staff concerned and recovery particulars forwarded for verification.

The matters have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. OAuGF/AIR/FMA/2015/1 dated 13th June, 2016. His response is still being awaited.

FEDERAL MINISTRY OF WATER RESOURCES, ABUJA

3.02 At the Federal Ministry of Water Resources, Abuja it was observed that:

(a) Cash advances totaling ₦12,394,900.00 (Twelve million, three hundred and ninety-four thousand, nine hundred naira) were paid to 15 (Fifteen) staff for various services which were above the authorized limit of ₦200,000.00 (Two hundred thousand naira). These payments violate the provision of Treasury Circular No.OAGF/CAD/026/V dated 24th March 2009, which pegged the amount of cash advances for procurements at ₦200,000.00.

The reason for the violation of the provision of the above quoted Treasury Circular should be furnished.

(b) Fifty-nine (59) payment vouchers for a total amount of ₦33,120,479.20 (Thirty-three million, one hundred and twenty thousand, four hundred and seventy-nine naira, twenty kobo), paid from the capital and overhead votes of the Ministry, were not produced for my examination.

The outstanding payment vouchers should be forwarded for audit examination, otherwise the expenditures on them may not be accepted as proper charges against public funds.

(c) A contract for the construction of Adaba River Dam Project in Enugu State was awarded to a contractor at a total contract price of ₦2,578,472,343.28 (Two billion, five hundred and seventy-eight million, four hundred and seventy-two thousand, three hundred and forty-three naira, twenty-eight kobo) with a completion period of 24 (Twenty-four) months. The award was made on a letter with reference number FMWR/PD/S/181/Sub.6/C31/Vol.1, dated 23rd December, 2010. The request for Federal Executive Council's approval of the award was forwarded through a Council memorandum by the Honourable Minister for Water Resources dated December, 2010 in which the Federal Executive Council was informed that the sum of ₦827,120,074.00 (Eight hundred and twenty-seven million, one hundred and twenty thousand, seventy-four naira) was allocated for the project in year 2010 budget of the Ministry. It was however observed that this amount said to have been allocated for this contract in the year 2010 was not utilized for this contract.

Detailed analysis of payments made on this contract showed that the first payment of ₦289,383,307.30 (Two hundred and eighty-nine million, three hundred and eight thousand, three hundred and seven naira, thirty kobo) was made on Payment Voucher No. OC/CAP/326/12 dated 30th March, 2011. The last payment of

₦14,411,765.00 (Fourteen million, four hundred and eleven, thousand seven hundred and sixty-five naira) made on payment voucher No.FMWR/CAP/118/2015 dated 11th November, 2015 was the third part-payment of certificate No. 1, issued to the company for a total amount of ₦101,277,608.77 (One hundred and one million, two hundred and seventy-seven thousand, six hundred and eight naira, seventy-seven kobo). The total payment on this contract from December, 2010 – December 2015 (a period of 5 years) amounted to ₦488,765,272.12 (Four hundred and eighty-eight million, seven hundred and sixty-five thousand, two hundred and seventy-two naira, twelve kobo). This is a clear indication that no serious funding arrangement was put in place for this contract.

The Permanent Secretary has been requested to explain what became of the sum of ₦827,120,074.00 earmarked for this project in 2010 as contained in the Council Memo, as well as the poor funding of this project as evidenced by instalmental payment of the approved amount on Interim Payment Certificate No.1.

(d) The contract for the construction of Ibusa Small Earth Dam in Delta State was awarded to a company at a total contract sum of ₦914,890,861.50 (Nine hundred and fourteen million, eight hundred and ninety thousand, eight hundred and sixty-one naira, fifty kobo) with a completion period of 18 months. The award was made through a letter reference No. FMWR/PD/S/181/Sub.10/023/140 dated 30th September, 2013. The contractor provided an Advance Payment Guarantee (APG) from a bank for the 15% advance payment of ₦137,233,629.23 (One hundred and thirty-seven million, two hundred and thirty-three thousand, six hundred and twenty-nine naira, twenty-three kobo) dated 19th December, 2013.

An analysis of the payments made so far to the contractor revealed that as at December, 2015 only ₦75,529,412.00 (Seventy-five million, five hundred and twenty-nine thousand, four hundred and twelve naira) was paid out of the total mobilization fee of ₦137,233,629.23 (One hundred and thirty-seven million, two hundred and thirty-three thousand, six hundred and twenty-nine naira, twenty-three kobo), leaving a balance of ₦61,704,217.23 (Sixty-one million, seven hundred and four thousand, two hundred and seventeen naira, twenty three kobo) still outstanding. Going by the completion period of 18 (Eighteen) months earmarked for this project, it is supposed to have been completed by 31st March 2015. Yet, as at that date, even payment of mobilization fee had not been completed? It appears no serious financing arrangements were put in place for this project before the contract was awarded. This is because the ₦15,529,412.00 (Fifteen million, five hundred and twenty-nine thousand, four hundred and twelve naira) paid to the contractor on payment voucher No.FMWR/Cap/140/2015 is the only amount provided for this project in 2015.

With the instalmental payment of mobilization fee, where the sum of ₦75,529,412.00 was paid in two instalments and with outstanding mobilization fee of ₦61,704,217.23 more than two years into the award of this contract, the Permanent Secretary was asked to explain:

(i) How this contract can be effectively executed by the contractor when he could not be fully mobilized to site with the staggered instalmental payment of his mobilization fee.

- (ii) Why no proper arrangement was made to fully mobilize the contractor for effective execution of the contract, considering the completion period fixed for the project.

His response is being awaited.

FEDERAL MINISTRY OF POWER, WORKS AND HOUSING
(WORKS SECTOR)

3.03 At the Federal Ministry of Power, Works and Housing (Works Sector) it was observed that:

(a) Amounts totaling ₦194,327,518.08 (One hundred and ninety-four million, three hundred and twenty-seven thousand, five hundred and eighteen naira, eight kobo) were paid to various Consultancy firms on 30 payment vouchers between January and December 2015, for rendering consultancy services to the Ministry. The mandatory 10% Withholding Tax due from the 30 payments which was supposed to be ₦19,432,751.81 (Nineteen million, four hundred and thirty-two thousand, seven hundred and fifty-one naira, eighty-one kobo) was erroneously charged as ₦9,264,880.17 (Nine million, two hundred and sixty-four thousand, eight hundred and eighty naira, seventeen kobo), contrary to the provision of FIRS Information Circular No. 9502 of 1995 as revised by No. 9902 of 1999 which stipulates that "The Withholding Tax rate on Commissions, Consultancy, Professional, Technical and Management Fees shall be 10%."

The sum of ₦10,167,871.64 (Ten million, one hundred and sixty-seven thousand, eight hundred and seventy-one naira sixty-four kobo) being amount of Withholding Tax under deducted from the consultancy firms should be recovered and evidence of deductions forwarded to my Office for verification.

(b) A company was awarded contract for consultancy services for the Road Information System (RIS) 11, connecting the construction sites to RIS Headquarters, at Mabushi, Abuja in the sum of ₦329,435,144.30 (Three hundred and twenty-nine million, four hundred and thirty-five thousand, one hundred and forty-four naira, thirty kobo) for a period of 4 (Four) months vide letter of award dated 31st March, 2011 with Reference No. WR 14532/VOL.11/110 captioned "Re: Addendum to RIS 11 (Road Information System)". Prior to the award of the above contract, a contract for the establishment of a computerized Road Information System (RIS) Phase 1 was awarded at a total contract sum of ₦49,912,485.00 (Forty nine million, nine hundred and twelve thousand, four hundred and eighty- five naira) vide letter of award dated 18th October, 2007.

The same company was awarded the contract for the engineering design of computerized Road Information System (RIS) Phase 11 in the sum of ₦49,049,000.00 (Forty-nine million, forty nine thousand naira) vide letter of award dated 9th February, 2010. The contracts were observed to have been completed and fully paid for. On 27th October 2010, the company submitted a proposal to address the problem arising from lack of linkage between the Headquarters and the construction site offices since

the previous RIS contracts failed to make provision for efficient monitoring of construction and maintenance work on the various sites in Nigeria from the Headquarters because such sites were not connected to the existing RIS Data Base. The objective of the addendum 11 Project was to enable every Controller in the 37 Zonal offices, states and Abuja, retrieve data from the Federal Ministry of Works Headquarters, Mabushi, Abuja and to upload on-line, data needed for certificates/bills directly from the site via a unique web application.

A scrutiny of the project file revealed that in furtherance to the execution of the project, the contractor carried out training programme for the staff. The scrutiny of the training programme viz-a-vis the provision made for training in the BEME also revealed that while the contractor proposed in the BEME to train forty (40) participants, the actual training programme only catered for 28 participants from North Central Zone thereby leaving out 12 participants. The examination of the project file also revealed that the contractor supplied equipment like: Desktop and Monitor, HP Laser Jet PRO, Printer, Mercury Smark 1500, Mercury A200 Stabilizer and Scan Express A3 USB 600 Pro Scanner to 17 North Central Engineer representatives while the remaining 20 Engineers Representatives in other geo political zones of North East, North West, South-South, South West and South East were not supplied. Ironically, the contractor claimed to have supplied these equipment 100% via invoice No. 0512 of 22nd November, 2011 and payment made via payment voucher No. HCC/014/12 of 12th April, 2012

It was observed that the contractor's claim of having connected the North Central Zone of the Federal Ministry of Works to the RIS server, could not be substantiated because Audit Inspection of this scheme at Kogi zonal office, which is one of the North Central States confirmed that some equipment like Desktop computer, scanner, were parked without installation. The officers at Kogi state (Lokoja) claimed ignorance of the scheme. Therefore, the assertion that the project has been completed at North Central zone seems not correct. It was noted that the contractor has so far been paid a total sum of ₦281,925,919.30 (Two hundred and eighty-one million, nine hundred and twenty-five thousand, nine hundred and nineteen naira, thirty kobo) up to date which represent 85.58% of the total contract sum.

As a result of the above:

- (i) The contractor should as a matter of urgency conclude all the aspects of the training programme as outlined in the priced bill of engineering measurement and evaluation and produce the certificates issued to all the 40 participants for audit verification.
- (ii) Connect all the 37 Zonal offices to Abuja so that every Controller could retrieve data from Headquarters, Abuja and upload on-line, the data needed for every certificate/bills, as contained in the contract agreement.
- (iii) The balance of ₦47,509,225.00 remaining as unpaid contract sum should not be paid to the contractor until the contract is satisfactorily completed.

The response of the Permanent Secretary to the issues raised is being awaited.

MINISTRY OF FOREIGN AFFAIRS

3.04 At the Ministry of Foreign Affairs, Abuja, it was observed that:-

(a) While examining the Ministry's Nominal Roll and Bank Schedules, it was observed that 146 (One hundred and forty-six) names with a monthly total payment of ₦14,170,879.99 which were in the Ministry's Bank Schedule for payment in December, 2014 could not be traced to the Nominal Roll of the Ministry. The Permanent Secretary has been requested to comment on the observed discrepancy in the two records and also to produce documentary evidence that those names in the Ministry's Bank Schedules but not in the Nominal Roll are bonafide staff of the Ministry.

(b) During the audit inspection of the Ministry's Personnel Emolument Registers for the month of December 2014, it was observed that the payment of salaries and allowances to 5 (Five) retired staff of the Ministry continued beyond their legitimate retiring dates from service, resulting in a total overpayment of ₦4,339,504.89 to the retirees.

The Permanent Secretary has been requested to recover the overpaid amounts from the Pension and Gratuity of the retirees and submit documentary evidence for audit verification, in addition to imposing appropriate sanctions on the officers who processed the overpayment.

The matter has been taken up with the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/AIR/MFA/2015/1 dated 12th July, 2016.

OVERSEA MISSIONS

EMBASSY OF THE FEDERAL REPUBLIC OF NIGERIA, ISRAEL

3.05 During the audit examination of accounts and other records maintained at the Embassy of Nigeria, Israel, the following were observed:-

(a) The sum of Nis3,091,337.50 Shekels (equivalent of \$858,704.50 eight hundred and fifty-eight thousand, seven hundred and four dollars, fifty Cents) was generated as revenue in respect of visa and administrative charges for the period 2013 – 2015.

The following irregularities were observed:

- (i) Treasury Book 6A and Treasury Book 6 revenue booklets were not kept, and consequently not made available.
- (ii) Revenue Collector's Registers with details of TR 6A and relevant amount were not maintained.
- (iii) Revenue Cashbooks were not updated with relevant entries throughout 2014 and 2015.

- (iv) An ordinary register maintained by the Consular Section had no details of TR 6A and the amount generated for each Booklet. Monthly figures were just recorded without details.

All these irregularities violated Financial Regulations 208, 209 and 210 and question the accountability and transparency of the revenue collection.

The Permanent Secretary has been requested to explain these irregularities in revenue collection, account for the sum of \$858,704.50 collected as well as carry out the surcharge of officers involved, otherwise, the full weight of Financial Regulation 3112(ii) should be applied, forwarding evidence of action taken for audit verification.

- (b) The sum of Nis675,196.17 shekels equivalent of \$187,554.49 (One hundred and eighty-seven thousand, five hundred and fifty-four Dollars, forty-nine cents) was transferred from revenue to Overhead accounts as revealed in the Revenue Cashbooks of 2013 and 2015.

The amount was claimed to have been borrowed from the Internally Generated Revenue Account for the period but was never paid back. This action contravenes Financial Regulation 236.

The Permanent Secretary has been requested to recover the entire amount, forwarding evidence of recovery and remittance to government chest for audit verification.

- (c) Audit examination revealed that out of the sum of 1,860,544.50 Shekel generated by the Embassy, only 760,466.15 Shekels was remitted to J.P Morgan between 2014 and 2015 as shown below:

REVENUE GENERATED (NIS)	YEAR	AMOUNT REMITTED TO J.P MORGAN	BALANCE TO BE ACCOUNTED FOR
870,250	2014	400,000.00	470,250.00
990,294	2015	360,446.15	629,828.38
1,860,544.50	TOTAL	760,466.15	1,100,078.35

From the table above, the balance of Nis1,100,078.35 shekels, equivalent of \$305,577 (Three hundred and five thousand, five hundred and seventy-seven Dollars) is unaccounted for.

The Permanent Secretary has been requested to account for the sum of \$305,577 that was not remitted to government chest and also surcharge the officers involved in accordance with Financial Regulation 3112(ii), forwarding action taken for audit verification.

- (d) It was also observed that between 2013 and 2015, the total sum of ₦517,247,500.48 (Five hundred and seventeen million, two hundred and forty-seven thousand, five hundred naira, forty-eight kobo) was remitted to the Embassy vide AIEs' records made available.

The sum was for Capital, Personnel and Overhead Costs. These remittances were all paid into one account for the respective period as follows:

2013	A/C No.218648/91 located at Gordon Street
2014/2015	A/C 223701/15 located at Alley by Street

This is a violation of Financial Regulation 701 which requires separate Bank accounts to be maintained for Capital and Overhead to enable transparent rendition of expenditure returns in accordance with budgetary provisions.

The expenditure returns rendered by the Embassy cannot be admissible as a true reflection of transactions because of the lumping of expenditure remittances (Personnel, Overhead and Capital) into one bank account.

The Permanent Secretary has been requested to explain this banking irregularity and revert to the separation of bank accounts in accordance with statutory regulations, forwarding evidence of action taken for audit verification.

(e) During the audit examination of payment vouchers, it was observed that the total sum of \$158,928.00 (One hundred and fifty-eight thousand, nine hundred and twenty-eight Dollars) was paid as Estacode Allowance to Home-based staff to accompany Christian Pilgrims from Nigeria to various religious sites. However, it was revealed while going through supporting documents attached to the payment vouchers that these pilgrims were usually accompanied by officials from the Nigeria Pilgrims Commission, hence there was no need for Embassy staff to escort them.

The Permanent Secretary has been requested to stop further wastage of statutory allocations on meaningless pilgrimage tours and concentrate on consular tours that will aid the Embassy in accomplishing its mandate, and inform me accordingly on action taken.

(f) During the verification of AIEs extracted from the Ministry into the AIE files maintained at the Embassy, it was observed that AIEs' totaling ₦331,461,329.92 (Three hundred and thirty-one million, four hundred and sixty-one thousand, three hundred and twenty-nine naira, ninety-two kobo) extracted from the Ministry of Foreign Affairs records did not reflect in any AIE file at the Embassy. The summary is as follows:

SUMMARY	AMOUNT (₦)
2013	80,028,810.00
2014	137,491,054.17
2015	113,941,465.75
TOTAL	331,461,329.92

The Permanent Secretary has been requested to explain why these AIEs' totaling ₦331,461,329.92 (Three hundred and thirty-one million, four hundred and sixty-one thousand, three hundred and twenty-nine naira, ninety-two kobo) were not recorded and accounted for in the Embassy's file or recover the total amount and forward the recovery particulars to me for verification.

(g) The sum of \$134,400.00 (One hundred and thirty-four thousand, four hundred Dollars) was paid directly to an Ambassador during his tenure for domestic servants.

This direct payment of domestic staff salary to the Ambassador is contrary to the terms of engagement as spelt out in the Appointment Letter which insists on domestic staff salary to be included on Mission's payroll. Therefore the sum of \$134,400.00 paid directly to the Ambassador, is not a legitimate charge on Public Funds and has to be refunded.

The Permanent Secretary has been requested to recover and pay back to chest the sum of \$134,400.00 from the Ambassador, forwarding evidence of recovery for audit verification.

(h) Federal Government Circular No. HC SF/428/S.1/.20 dated 7th August 2015 gave specific directive to all Ministries, Department and Agencies (MDAs) that collect revenue to close their respective revenue accounts and pay the proceeds into the Treasury Single Account (TSA) by 15th August, 2015. However as at March 2016, the Embassy had not complied with the above mentioned circular.

The Permanent Secretary has been requested to explain the violation of the extant circular and close this account immediately, forwarding evidence of accounts closure (Bank Statements) for audit verification.

These observations have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/AIR/SMEA.726/TEMP/13 dated 20th June, 2016 and his response is still being awaited.

EMBASSY OF NIGERIA IN THE HAGUE, NETHERLANDS

3.06 During the examination of accounting records of the Mission, it was observed that the Mission withheld credit balances totaling ~~N~~90,274,571.20 (Ninety million, two hundred and seventy-four thousand, five hundred and seventy-one naira, twenty kobo) in 28 Subheads which ought to have been paid back to chest at the close of 2014 financial year in line with the provision of Financial Regulation 414.

The Permanent Secretary has been advised to instruct the Finance Attaché to transfer the money to Federal Government revenue account as Miscellaneous Income and forward evidence for verification.

EMBASSY OF NIGERIA IN BERLIN, GERMANY

3.07 It was observed that an amount of Euro E182,240.36, equivalent to ~~N~~37,191,910.20 being part of the Internally Generated Revenue realized, has been standing as credit balance in the Embassy's revenue account for over a period of 5 (Five) years. Further investigation revealed that the balance has been reducing as a result of interest being charged by the bank warehousing the idle fund.

The Permanent Secretary has been advised to instruct the Finance Attaché to transfer the money to Federal Government revenue account as Miscellaneous Income and forward the transfer particulars to my Office for verification.

(b) The Embassy over-spent her budget for the 2014 in 16 (Sixteen) Sub-heads totaling ₦248,025,564.88. This act of over expenditure by the Embassy is a virement by the Mission without approval from the National Assembly.

The Mission, through the Permanent Secretary, has been advised to abide by the provisions of the Financial Regulations and extant circular which state that expenditures must be within the amount provided in the Sub-heads. It is also necessary that the Embassy should explain the source of the extra fund spent.

(c) The Mission withheld credit balances totaling ₦2,503,727,131.68 (Two billion, five hundred and three million, seven hundred and twenty-seven thousand, one hundred and thirty-one naira, sixty-eight kobo) in 33 Subheads which ought to have been paid back to chest at the close of 2014 financial year in line with the Financial Regulations.

The Permanent Secretary has been advised to instruct the Finance Attaché to transfer the money to Federal Government revenue account immediately and furnish me with the transfer particulars for audit verification.

(d) It was observed that the Embassy had a credit balance of E182,240.36 in Consular Revenue which ought to have been remitted to the Consolidated Revenue Fund at the end of 2014 financial year in line with the provision of the Financial Regulation which states that all Ministries, Departments and agencies generating revenue should remit same to CRF on or before 15th of the month following the month of collection of the revenue. The continuous keeping of such idle fund would reduce the amount by way of interest charges on the account.

The Permanent Secretary has been advised to instruct the Mission to remit the amount to Federal Government revenue account and furnish me with the transfer particulars for audit verification.

(e) A total sum of ₦32,319,003.07 (Thirty-two million, three hundred and ninety thousand, three naira, seven kobo) was spent on maintenance of the former Ambassador's residence at Valkanstrasse 69, 63179 Bonn, Germany for the period 2014 and part of 2015. This amount was considered to be on the high side, especially as the property has remained unoccupied since the Embassy relocated to Berlin from Bonn in 2001. The property was initially accessed by an Estate Valuer in 2001 for the purpose of swapping it with 2 (Two) buildings at Berlin, its value was Euro 7 million. Owing to inaction of the Ministry of Foreign Affairs, the value has reduced to Euro 1.2million in 2014. Apart from the reduction in value, the Bonn Municipal Council has indicated its intention to de-classify the property from Diplomatic status. If this is allowed to happen, the property will attract other charges which the Embassy at Berlin must pay from its lean resources. Recently, attempts were made by illegal squatters to break into the house.

The Permanent Secretary's reaction to these observations is still being awaited.

FEDERAL GOVERNMENT STAFF HOUSING LOANS BOARD

3.08 At the Federal Government Staff Housing Loans Board, Abuja, the following observations were made:-

(a) Amounts totaling ₦156,052,763.27 (One hundred and fifty-six million, fifty-two thousand, seven hundred and sixty-three naira, twenty-seven kobo) were granted as loans to various civil servants between March to December, 2015. However, as at the time of carrying out this exercise in July, 2016, the repayments of these loans from the salaries of the beneficiaries had not commenced.

Efforts should be made to commence recovery of these loans from the various beneficiaries. Recovery particulars should be forwarded to this Office for verification.

(b) Ten (10) staff of the Board were granted various personal advances amounting to ₦978,215.00 (Nine hundred and seventy-eight thousand, two hundred and fifteen naira) to enable them carry out various official assignments. These advances were granted from November, 2014 to 30th December, 2015.

It was however observed with dismay that as at the time of this report, these advances still remained unretired. I cannot therefore accept it as a legitimate charge against public funds.

The Board should recover the amounts from the salaries/entitlements of the staff concerned and forward evidence of recovery for audit verification.

The Executive Secretary has been asked to effect these recommendations and his response is still being expected.

NIGERIA POSTAL SERVICE

3.09 At the Nigerian Postal Service, Abuja, the following observations were made:-

(a) The National Assembly appropriated the transfer of ₦150,000,000.00 (One hundred and fifty million naira) from the 2015 Internally Generated Revenue of the Organization to the Federal Government Treasury, as contribution to public funds.

However, a meticulous scrutiny of available accounting records for the period under review revealed that the Organization intentionally and negligently failed to effect the purported transmission of ₦150,000,000.00 (One hundred and fifty million naira) from the Internally Generated Revenue of NIPOST to the Federal Government Treasury in contradiction and contravention of the 2015 Appropriation Act. All concerted efforts made towards the immediate correction of the anomaly proved abortive.

It is therefore necessary to recover the sum of ₦150,000,000.00 (One hundred and fifty million naira) to the Federal Treasury and furnish all the particulars for verification.

(b) There was no updated Plant and Fixed Asset Register maintained for the purpose of capturing and recording of Fixed Assets acquired over the years. This constitutes an infringement of Financial Regulation 2209 which stipulates that “every item of plant shall be numbered in a series to be recorded in a register at the Headquarters of the Ministry/Ministerial offices and other arms of government concerned with the acquisition and issue of the plant. The appropriate serial number shall be inscribed on the equipment”.

The importance of maintaining a Fixed Asset Register cannot be over-emphasized because it enables the management to know at a glance, date of purchase of asset, make of the asset, source of acquisition, depreciation, residual value and location of asset. These information help in securing and safe-guarding an asset.

It is necessary to urgently set in motion, the necessary machinery for creating a Plant and Asset Register to ensure a comprehensive record of all the Assets owned or acquired by the organization.

The issues have been communicated to the Postmaster-General through my Audit Inspection Ref. No. OAuGF/AIR/NIPOST/2015/VOL.1 dated 8/2/2016. His reaction is still being awaited.

FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT

3.10 At the Federal Ministry of Labour and Employment Abuja, the following observations were made:

(a) Examination of advances records revealed that Personal Advances amounting to ₦27,402,500.00 (Twenty-seven million, four hundred and two thousand, five hundred naira), granted to 9 (Nine) officers of the ministry for various services were yet to be retired as at the time of compiling this report, contrary to the provision of Financial Regulation 1405 which stipulates that “Accounting officers are responsible for ensuring the prompt payment of all advances by installment or otherwise”.

Further scrutiny revealed that the advances were granted to staff who previously had outstanding advances against them. Moreso, personal advances were not treated in officer’s personal files contrary to the provisions of extant rules.

The advances should be retired and necessary documents forwarded to my Office for verification otherwise, the sum of ₦27,402,500.00 (Twenty-seven million, four hundred and two thousand, five hundred naira) should be recovered from the officers concerned.

(b) Eighteen (18) payment vouchers for amounts totaling ~~N~~46,473,000.00 (Forty-six million, four hundred and seventy-three thousand naira) were paid without relevant payment information such as names of beneficiaries, location or venue, account numbers of beneficiaries, signatures of beneficiaries etc. This is contrary to Financial Regulation 603(i) which stipulates that "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them to be checked without reference to any other document and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets etc". On account of the doubt surrounding these payments, I cannot certify them as legitimate charges against public funds.

(c) An officer of the ministry who retired in 2013 went away with 2 (Two) vehicles belonging to the ministry without due authorization. The vehicles are as follows:-

- (i) Toyota Prado Jeep – FG 144 A08 with Chassis No. 3RZ 297612, Engine No. 3RZ 296712. The vehicle was donated to the ministry by UN Mission for HIV/AIDS Programmes in 2004.
- (ii) Mitsubishi pick-up van Mitsubishi FG 14 Z01 with Chassis No NMB JNK 7206F0249669, Engine No. AAE 272.

As at the time of this report, the vehicles are yet to be recovered by the ministry.

These vehicles should be recovered without further delay and evidence of recovery forwarded to my Office for verification.

(d) Audit inspection of motor vehicles maintained by the ministry revealed the following observations:-

- (i) No proper record of vehicles was kept by the ministry as some of the vehicles were said to be under repair in various locations.
- (ii) The locations of serviceable vehicles could not be ascertained as at the time of this report and the number of vehicles owned by the ministry was not known.

The Permanent Secretary has been requested to make available to my Office, a detailed list of vehicles belonging to the ministry for audit verification.

(e) The ministry did not maintain an Asset Register in line with Financial Regulations and extant rules. The ministry is yet to comply with the provisions of Treasury Circular Ref. No. TRY/A8&B8/2015 OAGF/CAD/026/VOL.II/240 dated 23rd October, 2015 on the above subject which mandated every ministry to set up or constitute a Committee in this regard.

The present asset record is not only unreliable but incomplete as it covered only 14 (Fourteen) out of 36 (Thirty-six) States of Nigeria.

The Ministry should compile a comprehensive Asset Register and make it available for verification.

(f) An audit inspection of the Revenue returns from various States under Skills Development and Certification Department, Trade Testing Services revealed that there were no Treasury Receipts Book 6 or Remita confirmation for the remittance of the sum of ₦11,779,406.00 (Eleven million, seven hundred and seventy-nine thousand, four hundred and six naira), generated between January and December 2015 to the Sub-Treasurer of the Federation, contrary to extant rules.

Relevant and detailed supporting documents on revenue remittances should be forwarded to my Office for verification.

The issues raised have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/AIR/FML&E/2015/VOL.1 of 20th June, 2016. His response is still being awaited.

PUBLIC COMPLAINTS COMMISSION

3.11 At the Public Complaints Commission, Abuja, the following observations were made:-

(a) The Public Complaints Commission did not make available all the necessary records and figures on budget performance from January to June 2015, despite the request made by my Office, contrary to the provision of Financial Regulation 110 which states that “by virtue of their responsibilities and function, 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 Unit. They shall also be entitled to require and receive from the member of the public such information reports and examination as they may deem necessary for the proper performance of their function”.

These books and accounts should be released for audit.

(b) Personal advances totaling ₦2,935,000.00 (Two million, nine hundred and thirty-five thousand naira) which were granted to 7 (Seven) officers of the Public Complaints Commission, Abuja between July and December 2015 were not retired as at the time of audit in April, 2016, contrary to Financial Regulation 1420 which states that “it is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered”.

The unretired advances totaling ₦2,935,000.00 should be recovered immediately, forwarding recovery particulars for verification.

(c) The sum of ₦100,410,103.57 (One hundred million, four hundred and ten thousand, one hundred and three naira, fifty-seven kobo) was spent to purchase store items between 2nd and 31st December, 2015 by 16 (Sixteen) companies that were awarded contracts to supply the store items.

The necessary supporting documents such as Store Receipt Vouchers, Store Issue Vouchers, Store Ledger etc. were not presented for audit verification. This made the supply of the items doubtful.

As a result of the observed irregularities the total sum of ₦100,410,103.57 (One hundred million, four hundred and ten thousand, one hundred and three naira, fifty-seven kobo) should be recovered from the payees, forwarding recovery particulars for verification.

(d) The following documents were not presented for audit in line with Section 85 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended):

- (i) Documents relating to non-current assets owned or received by the Commission.
- (ii) Evidences of tax payments and remittances to Federal Inland Revenue Service from January to June 2015, and
- (iii) Insurance records and documents maintained by the Commission from January to June, 2015.

The Honourable Chief Commissioner has been requested to kindly produce the documents for audit.

(e) It was also observed that between 19th November and 13th December, 2015, 7 (Seven) un-authorized persons hired for the purpose of driving were granted Out of Pocket Expenses totaling ₦2,935,000.00 (Two million, nine hundred and thirty-five thousand naira) for fuelling and repairs of different official vehicles, contrary to Section 2004 of the Financial Regulation that stipulates that as much as possible, a particular vehicle should be attached to a particular driver over a period to facilitate accountability for the movement and general condition of vehicles. The existing practice whereby any driver has access to any vehicle in the pool system is inimical to good care and proper maintenance and should be avoided.

Further audit examination revealed that names of non-staff of Transports Unit were included in the list of 17 (Seventeen) drivers of the Commission as at 2015.

The Honourable Chief Commissioner has been requested to recover the sum of ₦2,935,000.00 (Two million, nine hundred and thirty-five thousand naira) paid to unauthorized drivers of the Commission and thereafter forward the recovery particulars and evidence of payment to Treasury Single Account for verification.

(f) Four (4) payment vouchers raised in favour of an officer of the Commission between 16th October, and 30th December, 2015 for Out of Pocket Expenses in the sum of ₦2,250,000.00 (Two million, two hundred and fifty thousand naira) for fuelling of the Commission's fleet of cars in the month of July to October, 2015 were supported by duplicate receipts, contrary to Section 713 of the Financial Regulation which stipulates that public and private monies should be kept separate as the OPE is loan by the officer to government. Moreover, this is a contravention of the Federal Treasury Circular Number TRY/A3&B3/2012 OAGF/CAD/026/V.I/161 of 21st June 2012 Paragraph 3 which states that 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.

Consequently, the Honourable Chief Commissioner is required to:

- (i) Justify the indiscriminate granting of OPE to the officers of Commission.
- (ii) Justify officers using their personal money for the purpose of executing government assignments.
- (iii) Justify the above Treasury Circular that stipulates that all local procurement of stores and services costing above ₦200,000.00 shall be made only through award of contract as provided by the Public Procurement Act 2007 as amended.

His response is being awaited.

(g) There were 13 (Thirteen) items amounting to ₦15,274,603.40 (Fifteen million, two hundred and seventy-four thousand, six hundred and three naira, forty kobo) not signed in Public Complaints Commission's store out of the ₦100,410,000.00 (One hundred million, four hundred and ten thousand naira) claimed to have been supplied as at 2015.

S/N	DESCRIPTION OF PAYMENT	AMOUNT ₦
1.	Non-Consultancies services to enhance performance in investment	7,468,500.00
2.	Payment for supply of stationeries	1,030,000.00
3.	Payment for consultancy services	8,596,550.00
4.	Training programme of budget software	4,925,340.00
5.	Supply of Computer to Headquarters	4,925,340.00
	TOTAL	25,848,953.57
6.	Supply of computers to Bauchi, Taraba, Benue and Nasarawa States by a contractor	4,401,000.00
7.	Purchase of Computers to Office	626,337.50
8.	Purchase of Computers to FCT	807,706.80
9.	Purchase of Curtains in the office of the National Secretary of the Commission	450,000.00
10.	Supply of Computers	4,847,998.00
11.	Purchase of computers to Zamfara, Kebbi, Katsina and Sokoto States	2,945,964.60
12.	Purchase of Computers by a contractor	272,520.00
13.	Purchase of Computers by a contractor	437,906.70
	TOTAL	₦15,274,603.40

All the transactions above took place the same day.

The Honourable Chief Commissioner has been requested to explain why these items were not signed for and not posted to the store ledger also why this transactions took place in 1 (One) day.

(h) It was observed also that 6 (Six) Toyota Hilux vans and 2 (Two) Innoson double cabin vehicles had not been registered with official number plates by the Commission in line with Section 2001 of the Financial Regulation which states that the Accounting

officer shall be responsible for ensuring that there are effective control in the use of government vehicles.

A Kia Cerato vehicle with Registration Number O1V-FGN and with Engine Number 1`3C020062B2 purchased in 2013 assigned to the former National Secretary has not been returned to the Commission Headquarters as at the time of this report. Further audit inquiry revealed that the former Secretary has left the Commission on posting without returning the KIA CERATO Car.

The Honourable Chief Commissioner has been requested to register the 6 Toyota Hilux vans and the 2 (Two) Innoson double cabin vehicles as well as recover the car attached to the former National Secretary and present same for audit verification.

(i) Audit examination of motor vehicle register as at January, 2015 showed that out of 43 (Forty-three) Prado Jeeps received and issued by the Store Section as shown in the Store Ledger to the Transport Section of the Commission, only 37 (Thirty-seven) of the said vehicles appeared in the motor vehicle register as being documented in 2015. Audit investigation revealed that the Transport Section only acknowledged 37 (Thirty-seven) Prado Jeeps and cannot account for the remaining 6 (Six) Prado Jeeps in the fleet of the Commission. On inquiry, the Store officer maintained that the 6 (Six) Prado Jeeps in the fleet of the Commission were duly received in the Store.

The Honourable Chief Commissioner has been requested to furnish detailed explanation about the whereabouts of the 6 (Six) Prado Jeeps..

The Honourable Chief Commissioner has been requested to explain the various violations and his response is being awaited.

FEDERAL MINISTRY OF INFORMATION AND CULTURE **(INFORMATION SECTOR)**

3.12 At the Federal Ministry of Information and Culture (Information Sector), Abuja, the following observations were made:-

(a) The Ministry did not maintain Fixed Assets Register for the year under review. Lack of adequate records like Fixed Assets Register could lead to under-statement of assets in the Financial Statement which will amount to misleading financial statement for the Ministry. Also, non-maintenance of Fixed Assets Register could lead to loss of government assets through removals without notice and a violation of International Public Sector Accounting Standard (IPSAS). The Management was asked to ensure that Fixed Assets Register was opened and adequately maintained and updated to reflect and safeguard the assets of the Ministry.

(b) Store items worth ₦24,799,038.70 (Twenty-four million, seven hundred and ninety-nine thousand, thirty-eight naira, seventy kobo) purchased by the Ministry were not taken on store charge before being put to use. This made it impossible to confirm

whether the items were actually purchased or not and negates the internal control system over procurement in the public sector especially with regard to specification, quality and quantities. This is a clear contravention of store procedure.

The Management has been asked to explain the non-compliance with laid down rules and regulations.

(c) Motor vehicles belonging to the Ministry were not insured. This is contrary to National Insurance Act Reg. No. SGF/09/1/S.3/VII/981 of 21st July, 2008, which stipulates that “no vehicle inclusive of government vehicles shall be used on road unless a liability which may thereby arise in respect of damages to property of third parties is insured with registered insurer. In case of any incident, the ministry will bear the total loss or expenses. To prevent this, the ministry has been asked to ensure that all the vehicles are insured to prevent possible future losses.

(d) Payments made to the tune of ₦33,949,579.13 (Thirty-three million, nine hundred and forty-nine thousand, five hundred and seventy-nine naira, thirteen kobo) were not properly retired with the necessary supporting documents to show the genuineness of the transactions. This is contrary to Financial Regulation 603(i) which provides that payment vouchers shall contain full particulars of each service, documents such as receipts, local purchase orders, invoices, letters of authority, time sheets etc, so as to enable them to be checked without reference to any other document.

All the relevant supporting documents should be produced for my examination before the payments can be certified as legitimate charges against public funds.

The response of the Permanent secretary to the issues raised is still being awaited.

FEDERAL MINISTRY OF INFORMATION AND CULTURE
(CULTURE SECTOR)

3.13 At the Ministry of Information and Culture (Culture Sector), the following observations were made:-

(a) Examination of payment vouchers for the period under review showed that 9 (Nine) payment vouchers for amounts totaling ₦11,038,422.00 (Eleven million, thirty-eight thousand, four hundred and twenty-two naira) did not have relevant documents such as receipts/invoices, letter of participation in a course at the Public Service Institute of Nigeria (PSIN), letter from the National Assembly for Senators and Honourable members of the National Assembly to embark on oversight function of Projects in the 6-Geo-political Zones of the country. Furthermore, some receipts in respect of payments for the supply of magazines and newspapers neither had quantities nor dates on them.

These transactions were carried out in contravention of Financial regulation 603(i) which provides amongst others that, “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". Therefore, the expenditures on the payment vouchers cannot be accepted as legitimate charges against public funds.

The relevant supporting documents should be produced for audit, failing which the sum of ₦11,038,422.00 should be recovered from the officials and paid to the treasury, and evidence of recovery forwarded to my Office for verification.

(b) Two (2) contractors were awarded contracts to supply office equipments and office furniture vide letter Ref. Nos. FMCT/NO/PP/2312/1 of 3rd July, 2012 and FMCT/NO/PP/24/1 of 3rd July, 2012 for ₦4,872,400.00 (Four million, eight hundred and seventy-two thousand, four hundred naira) and ₦3,101,800.00 (Three million, one hundred and one thousand, eight hundred naira) respectively, totaling ₦7,974,200.00 (Seven million, nine hundred and seventy-four thousand, two hundred naira). The parties agreed that on completion of the contract, payment would be made within one week. The Ministry could not pay as agreed, hence the contractors sued the ministry for redress was awarded to them in addition to ₦700,000.00 (Seven hundred thousand naira) costs against the Ministry.

Two payments of ₦4,200,000.00 (Four million, two hundred thousand naira) and ₦4,548,200.00 (Four million, five hundred and forty-eight thousand, two hundred naira) both totaling ₦8,784,200.00 (Eight million, seven hundred and eighty-four thousand, two hundred naira) were made in July 2015 to the Chief Registrar, Federal Capital Territory High Court, Maitama, Abuja for the execution of judgment. However, the 5% VAT and WHT amounting to ₦797,420.00 (Seven hundred and ninety-seven thousand, four hundred and twenty naira) from the total contract sum of ₦7,974,200.00 was not deducted from the payment, contrary to Financial Regulation 234(i) which says that, "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".

The Permanent Secretary has been requested to recover the sum of ₦797,420.00 (Seven hundred and ninety-seven thousand, four hundred and twenty naira) being VAT and WHT from the contractors and remit same to Federal Inland Revenue Service, forwarding the recovery and remittance particulars to my Office for verification.

(c) A Constituency project contract amounting to ₦51,773,114.65 (Fifty-one million, seven hundred and seventy-three thousand, one hundred and fourteen naira, sixty-five kobo) for the construction of Roads, Parking Lots, Drainage at Ureje Dam in Ado-Ekiti of Ekiti State showed various parts of the contract totaling ₦25,485,775.00 (Twenty-five million, four hundred and eighty-five thousand, seven hundred and seventy-five naira) were paid for, but not executed.

The Ministry should ensure the contractor either complete the work or refund the money collected and forward the recovery particulars for audit verification.

(d) Inspection of a Constituency project contract amounting to ₦132,347,145.00 (One hundred and thirty-two million, three hundred and forty-seven thousand, one hundred and forty-five naira) for the construction of Retaining Walls at Ureje Dam Waterfront Scheme in Ado-Ekiti of Ekiti State, revealed that some parts of the contract amounting to ₦5,224,400.00 were paid for, but not completed.

The contractor should complete the work or refund the money involved and forward recovery particular to me for verification.

(e) A visit to a contract amounting to ₦138,291,278.00 (One hundred and thirty-eight million, two hundred and ninety-one thousand, two hundred and seventy-eight naira) for the construction of Event Centre/Restaurant at Ureje Dam Waterfront Scheme in Ado-Ekiti, Ekiti State which was fully paid showed that the contract was not completed.

The Ministry should cause the contractor to complete the work or refund the appropriate amount involved.

(f) Similarly, inspection of another contract amounting to ₦162,335,452.62 (One hundred and sixty-two million, three hundred and thirty-five thousand, four hundred and fifty-two naira, sixty-two kobo) for construction of Museum Arts and Crafts Centre at Ureje Dam Waterfront Scheme in Ado-Ekiti of Ekiti State, revealed that some parts of the contract equivalent to 45%, valued at ₦73,095,953.68 (Seventy-three million, ninety-five thousand, nine hundred and fifty-three naira, sixty-eight kobo) were paid for but not completed.

The contractor should equally refund the money or complete the job and forward recovery particulars for audit verification.

(g) It was noted that a contract amounting to ₦44,148,170.00 (Forty-four million, one hundred and forty-eight thousand, one hundred and seventy naira) for construction of Fence/Gate House, Roads, Drainage and Provision of Electrical/Mechanical External Infrastructure at Out-Itesiwaju Local Government Area of Oyo state, various aspects of the contract valued at ₦19,307,500.00 (Nineteen million, three hundred and seven thousand, five hundred naira) were paid for but not executed.

The amount involved should be refunded or the contractor should execute the work already paid.

(h) An inspection visit to a contract totaling ₦17,526,736.00 (Seventeen million, five hundred and twenty-six thousand, seven hundred and thirty-six naira) for construction of fence at Ezekuna Cultural Museum in Nchi-Onu, Amuzu Ezza South Local Government Area of Ebony State which formed part of the contract amounting to ₦6,085,160.00 (Six million, eighty-five thousand, one hundred and sixty naira) was not constructed. As a result of cracks all over the fence, some parts were also broken.

The Ministry should invite the contractor to build the Gate House which was paid for and repair the broken fence, the cracks and inform me for verification.

(i) Audit inspection visit to a contract amounting to ₦122,414,078.32 (One hundred and twenty-two million, four hundred and fourteen thousand, seventy-eight naira, thirty-two kobo) for construction of Fence, Gate House at Ureje Dam Waterfront Scheme in Ado-Ekiti of Ekiti State, revealed that painting and external electrical works being part of the contract were not completed.

The Ministry should cause the contract to complete the work or refund the appropriate amount involved. Explanation should also be provided for paying retention fee on job not fully completed.

(j) Examination of statutory tax deduction records revealed that ₦5,724,238.35 (Five million, seven hundred and twenty-four thousand, two hundred and thirty-eight naira, thirty-five kobo) being part of total Value Added Tax and Withholding Tax deducted from contracts was not remitted to the Federal Inland Revenue Service.

The Ministry is required to remit the above sum to the Federal Inland Revenue Service and forward evidence of remittance to me for verification.

(k) Six payment vouchers for various amount totaling ₦3,576,086.00 (Three million, five hundred and seventy-six thousand, eighty-six naira) were not produced for audit examination. Unless and until these payment vouchers were presented for audit examination, the expenditure incurred on them would be regarded as not in the interest of the Federal Government, hence the money involved should be recovered.

(l) Two contractors were awarded contracts for supply of furniture and office equipment vide letter reference number FMC/NO/PP./232/1 of 3rd July, 2012 and FMCT/NO/PP/242/1 of 3rd July, 2012 for ₦4,872,400.00 (Four million, eight hundred and seventy-two thousand, four hundred naira) and ₦3,101,800.00 (Three million, one hundred and one thousand, eight hundred naira) respectively. Examination of the 2 (Two) payment vouchers Nos. 040 and 041 dated 16/7/2015 amounting to ₦7,974,200.00 (Seven million, nine hundred and seventy-four thousand, two hundred naira) was paid without deducting 5% Value Added Tax (VAT) and Withholding Tax (WHT) amounting to ₦797,420.00 (Seven hundred and ninety-seven thousand, four hundred and twenty naira) from the contract sum in contravention of the stipulated Financial Regulation 234.

The Ministry has been requested to recover the money and forward the recovery particulars for audit verification.

(m) Nine (9) officer were paid ₦3,065,783.55 (Three million, sixty-five thousand, seven hundred and eighty-three naira, fifty-five kobo) as first 28 days, kilometer and repatriation allowances. It was however observed that there were no evidence attached to show if these officers were newly recruited, posted outside their stations or retired from service. Further verification showed that there was no evidence that the payment were paid into respective accounts of the officers as stipulated by E-payment policy of the Federal Government. Hence, the expenditure of ₦3,065,783.55 (Three million, sixty-five thousand, seven hundred and eighty-three naira, fifty-five kobo) should not be accepted as legitimate charges against public funds because the

purpose for which it was made was doubtful. The amount should therefore be recovered and recovery particulars forwarded to me for verification.

(n) During verification of fleet of motor vehicles maintained by the Ministry, it was discovered that a Toyota Land Cruiser Jeep with Registration Number 04A-01FG, Chassis Number JTEBU9FJ8BK03870 purchased at ₦19,425,000.00 (Nineteen million, four hundred and twenty-five thousand, naira) was taken away by a former Minister.

The vehicle should be retrieved and recovery particulars forwarded to me for verification.

(o) During audit verification of books/records of the Ministry's vehicles and cycles, it was discovered that 12 (Twelve) motor vehicles and 3 (Three) motor-cycles were sold by auction at the total sum of ₦1,044,000.00 (One million, forty-four thousand naira) and ₦6,750,000.00 (Six million, seven hundred and fifty-five thousand naira) respectively both of which amounted to ₦1,052,750.00 (One million, fifty-two thousand, seven hundred and fifty naira). Our verification revealed that this amount had not been remitted to the Treasury Single Account. Only temporary unofficial receipt in acknowledgement of the amount was produced during the audit.

The Ministry should ensure that the sum of ₦1,052,750.00 (One million, fifty-two thousand, seven hundred and fifty naira) is remitted to the TSA and evidence of remittance forwarded for verification.

All the issues raised have been communicated to the Permanent Secretary and his responses are being awaited.

MINISTRY OF PETROLEUM RESOURCES

3.14 At the Ministry of Petroleum Resources, the following observations were made:-

(a) Thirty-nine (39) payment vouchers with a total amount of ₦535,662,523.40 (Five hundred and thirty-five million, six hundred and sixty-two thousand, five hundred and twenty-three naira, forty kobo) for both recurrent and capital expenditure, out of which ₦21,583,677.29 (Twenty-one million, five hundred and eighty-three thousand, six hundred and seventy-seven naira, twenty-nine kobo) for recurrent expenditure and ₦514,078,646.11 (Five hundred and fourteen million, seventy-eight thousand six hundred and forty-six naira, eleven kobo) for capital expenditure were hidden and not produced for audit examination during the time of audit exercise despite the demand for them. In view of this, I find it difficult to accept these expenditures as proper and legitimate charges against public funds.

The payment vouchers should be produced for audit otherwise the total expenditure of ₦535,662,523.40 (Five hundred and thirty-five million, six hundred and sixty-two thousand, five hundred and twenty-three naira, forty kobo) made should be recovered from the payees.

(b) There were variances between the figures of the closing balances of the Cashbook and GIFMIS print out for Personnel cost, Overhead cost and Capital cost for the year 2015 in the Ministry of Petroleum Resources, Abuja, three (3) main accounts.

ACCOUNT	CASH BOOK BALANCE ₦	GIFMIS BALANCE ₦	DIFFERENCE ₦
PERSONNEL	IPPIS	3,180,191.61	3,180,191.61
OVERHEAD	15,612,216.50	4,025,621.03	11,586,595.47
CAPITAL	14,903,954.39	14,715,838.14	188,116.25

Audit examination of the available documents revealed that Personnel cost was over budgeted by ₦3,180,191.01 (Three million, one hundred and eighty thousand, one hundred and ninety-one naira, one kobo) as per GIFMIS print out. Overhead cost balance as per Cash book indicated a balance of ₦15,612,216.50 (Fifteen million, six hundred and twelve thousand, two hundred and sixteen naira, fifty kobo) of funds available at the end of year 2015 against the GIFMIS balance of ₦4,025,621.03 (Four million, twenty-five thousand, six hundred and twenty-one naira, three kobo) which resulted to payments without raising payment vouchers amounting to ₦11,586,595.47 (Eleven million, five hundred and eighty-six thousand, five hundred and ninety-five naira, forty-seven kobo) as observed from certificates of Board of Survey issued and GIFMIS payment request balance of ₦4,025,621.03 (Four million, twenty-five thousand, six hundred and twenty-one naira, three kobo). Besides, Capital cost Cashbook balance was ₦14,903,954.30 (Fourteen million, nine hundred and three thousand, nine hundred and fifty-four naira, thirty-nine kobo) against GIFMIS balance of ₦14,715,838.14 (Fourteen million, seven hundred and fifteen thousand, eight hundred and thirty-eight naira, fourteen kobo) which also resulted to payments without raising payment vouchers amounting to ₦188,116.25 (One hundred and eighty-eight thousand, one hundred and sixteen naira, twenty-five kobo), contrary to Financial Regulation 601 which states that "Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised.

The Permanent Secretary has been asked to explain the differences in the December, 2015 closing balance of ₦11,586,595.47 (Eleven million, five hundred and eighty-six thousand, five hundred and ninety-five naira, forty-seven kobo) for the Overhead Account and ₦188,116.25 (One hundred and eighty-eight thousand, one hundred and sixteen naira, twenty-five kobo) for Capital Account.

(c) The sum of ₦1,093,000.00 (One million, ninety-three thousand naira) was paid to 13 (Thirteen) individual accounts and organizations without raising payment vouchers and posting into the Cash book of Ministry of Petroleum Resources, Abuja between July and December, 2015, contrary to Financial Regulation 601 which states that "Under no circumstance shall a cheque be raised or cash paid for service for which a voucher has not been raised.

In view of the above, I find it difficult to accept this expenditures as proper and legitimate charges against public funds. The sum of ₦1,093,000.00 (One million, ninety-three thousand naira) should be recovered from the signatories to GIFMIS platform and recovery details furnished for verification.

(d) Fifty-two (52) advances granted to 46 (Forty-six) officers for a total sum of ₦18.034,200.00 (Eighteen million, thirty-four thousand, two hundred naira) between January and August, 2015 were not retired as at the time of audit in August, 2016. Four (4) of the officers got more than one advance without retiring the previous one, contrary to the provision of the Financial Regulation 1420 which states that “it is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered”. The outstanding advances totaling ₦18.034,200.00 should be recovered from the officers immediately while recovery particulars should be forwarded for verification.

(e) The Ministry main library which was automated at a cost of ₦25,000,000.00 (Twenty-five million naira) in 2011, has not functioned since the installation. This is a waste of public funds which could have been channeled to areas of needs or profitable ventures that could have impacted on the life of the citizenry. It is obvious that the intention of the initiators was not in the interest of the public service.

As at the time of audit in July 2015, these computers were still lying idle and not functioning, contrary to the provision of Financial Regulation 415 which stipulates that “the Federal Government requires all officers responsible for expenditures to exercise due economy. Money must not be spent merely because it has been voted”. The expenses on E-Library was gross wastage of public funds.

(f) Similarly, the E-Library was not in operation despite its automation costing ₦25,000,000.00 (Twenty-five million naira) in December 2013. The main Desktop could not be accessed and the staff of the Law Library claimed that they requested for the password from the service provider but this was not released.

Subsequent visit to the Library after obtaining the password to test-run the Desktop used for the automation yielded no result. The questionable laptops distributed to the law library staff on physical examination, showed that no softwares were installed as attested to by one of the law library staff.

The issue of non-functioning of the E-Law Library if not promptly addressed could be like the main Library which was automated since 2011 but has not been put to use up till now.

(g) Six (6) books and 3 (Three) bulletins in the Library that were given out on loan between 27th January 2009 and 25th August, 2010 were yet to be returned by the borrowers as at the time of audit in July, 2015. These books should either be recovered or the Librarian made to pay for them, informing me accordingly.

(h) The Ministry’s law library did not maintain any library records such as Loan Register, Access Register and other necessary records for all the books and other assets of the government in the library.

Physical audit inspection revealed that, there were 356 (Three hundred and fifty six) books on the rack. The number of books borrowed could not be ascertained as there were no records on borrowed books. The absence of Library records may result in losses or unlawful conversion of library books.

The response of the Permanent Secretary to all the issues raised is still being expected.

FEDERAL MINISTRY OF POWER, WORKS AND HOUSING
(HOUSING SECTOR)

3.15 At the Federal Ministry of Power, Works and Housing, (Housing Sector), it was observed that:-

(a) In the Lands Department, it was revealed that the sum of ₦20,379,609.64 (Twenty million, three hundred and seventy-nine thousand, six hundred and nine naira, sixty-four kobo) collected in 2014 and ₦11,779,425.99 (Eleven million, seven hundred and seventy-nine thousand, four hundred and twenty-five naira, ninety-nine kobo) collected between January and May 2015 as Ground rents, Consent Rent and Registration fees, were not paid to government treasury. This revenue could not be traced to the accounting records at the Revenue Unit, having purportedly been paid to the treasury. Evidence of remittance in the form of treasury receipts issued from Accountant-General's office should be forwarded for audit verification.

(b) It was observed that staff unions in the ministry have developed housing projects within the country in partnership with Estate Developers tagged Social Housing Scheme. These houses were built on land acquired by government for the general public. Audit investigation revealed that the Unions and the Estate Developers did not pay for the Land. Evidence of payment for the land should be shown otherwise the land should be evaluated and payments made accordingly.

(c) Record of land acquisition revealed that a total of 89,999,836.32 hectares of land were acquired by the Ministry out of which 1,946,562 hectares were sold to the public and utilized for housing development. It was observed from records that 1,788,283 hectares were encroached upon, leaving a balance of 86,264,991.31 hectares unutilized. This shows that a significant portion of government land has been encroached upon. Regrettably, the Ministry has not taken any concrete steps to recover the encroached lands. Explanation as to the reasons the Ministry should allow such a large hectares of government land, for which compensations were paid, to be encroached upon and the effort of the Ministry to recover the value of the land from the encroachers.

(d) Six-six (66) Bank Drafts for amounts totaling ₦3,373,890.00 (Three million, three hundred and seventy-three thousand, eight hundred and ninety naira) issued by Land owners as registration fees, ground rent etc, were dishonored by some banks for being stale. These drafts were left in the Ministry instead of being returned to the issuers for re-issue. This is a loss of revenue to government. The amounts should be recovered and evidence forwarded for verification.

(e) Eight (8) payments totaling ₦20,083,100.00 (Twenty million, eighty-three thousand, one hundred naira) were made as Duty Tour Allowances (DTA) to some staff. The payments did not follow e-payment policy of the Federal Government, as provided in Treasury Circular Ref. No. OAGF/CAD/026/VOIL11/465 of 22nd October, 2008 which is still in force. I have requested that the account details of the officers who received the allowances should be produced for verification, otherwise the sum of

₦20,083,100.00 (Twenty million, eighty-three thousand, one hundred naira) should be recovered from the payees, paid to chest and all treasury receipts forwarded for verification.

(f) The Federal Government directive on Insurance of Government Assets as contained in the SGF Circular Ref. No. SGF/OP/1/E.3/VII/981 of July 21, 2008 was flouted by the Ministry. Up till the time of this audit exercise in August 2015, none of the fixed assets of the Ministry is insured. This development can expose the Federal Government to unimaginable risk resulting to losses in case of eventuality.

(h) The following irregularities were observed in the Ministry's store:-

(i) The general Store Ledger was not regularly up-dated. Most ledger balances did not agree with balances in the Bin Card.

(ii) Amounts totaling ₦12,631,664.00 (Twelve million, six hundred and thirty-one thousand, six hundred and sixty-four naira) were paid to 4 (Four) contractors for the supply of stationeries. During a store survey, the items were neither seen physically in the Store or entered into the Store Ledger as having been supplied, received and issued out. The amount of ₦12,631,664.00.00 should be recovered.

(iii) Store items estimated at ₦5,190,000.00 (Five million, one hundred and ninety thousand naira) claimed to have been issued to the Office of the Director-General Services were not seen in the Department during audit verification. The Director and staff of the Department have not seen the items claimed to be issued to them. The amount of ₦5,190,000.00 should be recovered.

(iv) Fixed Assets Register was not maintained by the Ministry. Consequently, it was difficult to ascertain the value of the fixed Assets and their location.

(i) A total of ₦2,157,000,000.00 (Two billion, one hundred and fifty-seven million naira) was budgeted for the Ministry in 2015 out of which ₦494,866,152.00 (Four hundred and ninety-four million, eight hundred and sixty-six thousand, one hundred and fifty-two naira) was released and utilized, which is 23% of the budget sum. Twenty-nine (29) projects were executed, out of which 8 (Eight) were completed according to the Budget Performance Report. However, in most contracts, date of award and expected date of completion were not indicated to determine whether the projects were completed on time or not. Moreover, in some Departments what was spent was more than their budget as shown in the table below:-

S/N	Department	Budget ₦	Actual Expenditure ₦	Difference ₦
1.	Architectural Service	310,000,000.00	1,006,513,049.84	696,513,049.84
2.	Engineering Service	90,000,000.00	663,424,835.22	573,424,835.22
3.	Press & Public Relation	5,000,000.00	5,300,000.00	300,000.00

I have called for explanation regarding the date of award and status of these contracts and the differences between budgeted amounts and actual expenditure.

(j) Some advances given to staff for direct purchase of stores and provision of other services were made above the authorized limit of ₦200,000.00 (Two hundred thousand naira). This is contrary to Treasury Circular Ref. No. TRY/A2/B2/2009/OAGF/CAD/026/V of 24th March, 2009. Amounts totaling ₦43,070,300.00 (Forty-three million, seventy thousand, three hundred naira) beyond this limit, were approved by the Ministry during the period under review.

This deprived the government the taxes that would have accrued if the procurements were made through contracts. The procurement of stores through advances should be stopped.

(k) Advance ledger revealed that various advances granted to staff totaling ₦104,600,166.00 (One hundred and four million, six hundred thousand, one hundred and sixty-six naira) were overdue for retirement as at 31st December, 2015. Multiple advances to staff were granted to some of the staff without retiring the previous ones.

The unretired advances should be recovered from the officer's emoluments en-bloc forwarding recovery particulars for verification.

FEDERAL MINISTRY OF POWER, WORKS AND HOUSING **(WORKS SECTOR)**

3.16 At the Federal Ministry of Power, Works and Housing, (Works Sector), it was observed that:

(a) Contract for the construction of 18km Manyam–Ushonog–Lessel– Kanyo-Oju–Agile–Ongba Road in Benue State, Contract No. 6100 was awarded to a company at a contract sum of ₦1,035,824,120.10 (One billion, thirty-five million, eight hundred and twenty-four thousand, one hundred and twenty naira, ten kobo) vide letter of award dated 26th September, 2012 with completion date of 24th January, 2014.

Examination of the accounting records revealed that 15% mobilization amounting to ₦155,373,618.00 (One hundred and fifty-five million, three hundred and seventy-three thousand, six hundred and eighteen naira) was paid to the contractor vide payment voucher No. HCC/222/12 of 30th December, 2012.

Recent inspection of the project showed that the contractor has abandoned the project after achieving 3.00% job completion amounting to ₦31,074,723.60, leaving the balance of ₦124,298,894.40 of the mobilization fees unrecouped.

The Permanent Secretary has been requested to terminate the contract and re-award it to a more competent contractor and most importantly to ensure the recovery of the sum of ₦124,298,894.40 being the balance of the mobilization fees unrecouped before the contractor abandoned the site, and submit the recovery particulars for audit verification.

(b) Contract for the Construction of 5km Yashi-Duguri-Yalo Road (Duguri-Dungare-Yale Section) in Bauch State, Contract No. 6228 was awarded to a company at a total contract sum of ₦1,750,199,126.53 (One billion, seven hundred and fifty million, one hundred and ninety-nine thousand, one hundred and twenty-six naira, fifty-three kobo) vide letter of award dated 27th November, 2013 with completion period of 12 months i.e. 7th November, 2014.

Examination of the accounting record revealed that the contractor had been paid a sum of ₦262,517,868.98 (Two hundred and sixty-two million, five hundred and seventeen thousand, eight hundred and sixty-eight naira, ninety-eight kobo) vide payment voucher No. CAP/055/14 of 18th March, 2014 being advance payment of 15% mobilization to enable the contractor move to site and start work.

Recent inspection of the project showed that the contractor abandoned the site after achieving just 2.52% job completion which amounts to ₦44,103,002.00 only, leaving a balance of ₦218,414,864.98 un-recovered.

The Permanent Secretary has been requested to terminate the contract and re-award it to a more competent contractor and recover the sum of ₦218,414,864.98 being the un-recovered balance of the mobilization fee from the contractor who abandoned the job and submit recovery particulars for audit verification.

(c) A company was awarded the contract for the construction of 3.2km Mararaban-Pantisawa-Yorro road in Taraba state Contract No. 6143 vide letter of award dated 3rd December, 2012 with engineering order to commence the job on the 20th of December, 2012. The construction of the road was to be completed on the 19th December, 2013. The total contract sum was ₦1,187,795,843.85 (One billion, one hundred and eighty-seven million, seven hundred and ninety-five thousand, eight hundred and forty-three naira, eighty-five kobo). The sum of ₦178,169,376.58 (One hundred and seventy-eight million, one hundred and sixty-nine thousand, three hundred and seventy-six naira, fifty-eight kobo) being 15% mobilization was paid to the contractor vide payment voucher No. HCC/2268/12.

Recent audit inspection showed that the contractor has abandoned the site after achieving only 3.91% job completion amounting to ₦46,442,817.49 leaving a balance of ₦131,726,559.09 of the mobilization fee un-recovered from the contractor.

The Permanent Secretary has been requested to recover and pay to treasury the sum of ₦131,726,559.09 being the unrecouped balance of the mobilization fee from the contractor and submit particulars for audit verification and at the same time terminate the contract and re-award it to more competent contractor.

(d) A company was awarded the contract for the rehabilitation of Wukari-akwana road in Taraba State Contract No. 6230 which is about 32km vide letter of award dated 27th November, 2013. The project which cost ₦3,978,932,819.40 (Three billion, nine hundred and seventy-eight million, nine hundred and thirty-two thousand, eight hundred and nineteen naira, forty kobo) was to commence on the 30th January, 2014 and to be completed on the 29th January, 2015.

Examination of the accounting record showed that the total sum of ₦537,155,930.00 was certified to be paid as mobilization fee but ₦300,000,000.00 being part of the mobilization fee was actually paid to the contractor vide PV. No. CAP/064/14 dated 18th March, 2014. Audit inspection of the construction site revealed that the contractor has abandoned the job after achieving only 0.50% job completion which amounts to ₦19,894,664,097.00 leaving a balance of ₦280,105,335.90 being the unrecouped part of the actual amount of ₦300,000,000.00 paid as mobilization fee to the contractor.

The Permanent Secretary has been requested to recover and pay back to treasury the sum of ₦280,105,335.90 being the unrecouped part of the mobilization fee from the contractor and forward recovery particulars for audit verification. Also the contract should be terminated and re-awarded to a more competent contractor.

(e) A company was awarded contract for the construction of Takum-Dongawa Road, a 5.5km road contract No. 6232 at a total cost of ₦1,030,107,509.00 (One billion, thirty million, one hundred and seven thousand, five hundred and nine naira) vide letter of award dated 27th November 2013. The contractor was given engineering order to commence work on 8th February, 2014. The project was to be completed on the 7th October, 2014.

Examination of the accounting record revealed that the contractor was paid a sum of ₦154,516,126.35 (One hundred and fifty-four million, five hundred and sixteen thousand, one hundred and twenty-six naira, thirty-five kobo) being 15% mobilization fee vide payment voucher No. CAP/2135/13 of 19th February, 2014.

Audit inspection of the project site showed that the contractor has abandoned the site after achieving just 3.12% job completion amounting to ₦32,137,354.28 leaving a balance of ₦122,378,772.07 being the part of mobilization fee unrecovered before the contractor abandoned the site.

The Permanent Secretary has been requested to recover and pay back to treasury the sum of ₦122,378,772.07 from the contractor and submit recovery particulars for audit verification. Also to terminate the contract and re-award it to more competent contractor.

(f) Contract for the construction of Kankara-Gurbi road in Kastina State, contract No. 6226 which is 10.5km road was awarded to a company based in Port Harcourt, Rivers state at a total contract sum of ₦1,452,354,449.70 (One billion, four hundred and fifty-two million, three hundred and fifty-four thousand, four hundred and forty-nine naira, seventy kobo) vide letter of award dated 27th November, 2013. The contractor commenced the construction work on the 8th February, 2014 and to be completed on the 7th August, 2014.

Examination of the accounting records showed that the contractor was paid a sum of ₦217,853,167.48 (Two hundred and seventeen million, eight hundred and fifty-three thousand, one hundred and sixty-seven naira, forty-eight kobo) being 15% mobilization.

A recent audit inspection of the project site showed that the contractor has abandoned the site after achieving only 4.80% job completion amounting to ₦69,713,013.59 leaving a balance of ₦148,140,153.89 being part of the mobilization fee unrecouped before the job was abandoned.

The Permanent Secretary has been requested to recover and pay to treasury the sum of ₦148,140,153.89 from the contractor and submit the recovery documents for audit verification. Also to terminate the contract and re-award it to more competent contractor.

(g) A company based in Enugu was awarded contract for the rehabilitation of Ekwulobia Nnobi road with spur to Isuofia and Nanka in Anambra state, contract No. 5904 which is about 17km, at a total contract sum of ₦1,872,132,617.24 (One billion, eight hundred and seventy-two million, one hundred and thirty-two thousand, six hundred and seventeen naira, twenty-four kobo) vide letter of award to the contractor dated 4th April, 2007. The project which commenced in April, 2007 was to be completed in August, 2008. Further scrutiny of the project records showed that the project completion date was extended to 22nd August, 2010 to enable the contractor more time to complete the road project.

A recent audit inspection of the project site showed that the contractor abandoned the site after achieving 88.64% job completion amounting to ₦1,659,458,351.92. However, audit scrutiny of the financial records revealed that the contractor has been paid a total sum of ₦1,798,453,182.02, representing 96.06% of the contract price before he abandoned the site. This implies that the contract was overpaid by a total sum of ₦138,994,830.00 i.e. (₦1,798,453,182.02 – ₦1,659,458,351.92) which is equivalent of 7.42% of the contract price.

The Permanent Secretary has been requested to comment on the observed irregularities. (2) To make concerted efforts using government machinery to ensure that the contractor remobilized back to site to complete the contract (100%) otherwise recover the sum of ₦138,994,830.00 from the contractor and pay it back to treasury and forward particulars for audit verification. Re-award the contract to another contractor.

(h) A company based in Benin city, Edo State was awarded contract for the construction of 6.7km Ihiala-Orlu road in Isseke Town- Amafuo-Vlli with spur (Ihiala-Orlu-Umuduru Section) in Anambra state Contract No. 6220 at a total contract sum of ₦711,888,234.75 (Seven hundred and eleven million, eight hundred and eighty-eight thousand, two hundred and thirty-four naira, seventy-five kobo) vide letter of award dated 30th October, 2013. The contractor was given engineering order to commence the work on 4th December, 2013 with a completion date of 3rd December, 2014 a period of 12 months.

Audit inspection of the project site revealed that the contractor has abandoned the site after achieving just 2.25% job completion amounting to ₦16,088,674.11. Further examination of the financial records showed that the contractor has been paid a mobilization fee of ₦100,000,000.00 vide PV. No. CAP/214/13 dated 19th Feb., 2014. This implies that the contractor was overpaid by a total sum of ₦83,911,325.89

being the portion of the mobilization fee unrecovered before the contractor abandoned the job.

The Permanent Secretary has been requested to recover and pay back to treasury the sum of ~~N~~83,911,325.89 from the contractor and submit the recovery documents for audit verification. Also to terminate the contract and re-award it to a more competent contractor.

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

FEDERAL MINISTRY OF POWER, WORKS AND HOUSING
(POWER SECTOR)

3.17 At the Federal Ministry of Power, Works and Housing (Power Sector), the following observations were made:-

(a) A company was paid the sum of ~~N~~4,548,000.00 (Four million, five hundred and forty-eight thousand naira) vide payment voucher No. FMP/CAP/2887/15 of 29/1/2015 for the supply of Stationeries. However, the essential accompanying documents to the voucher were not attached. Therefore, the expenditure cannot be accepted as legitimate and proper charges against public funds. The sum of ~~N~~4,548,000.00 expended should be recovered, forwarding the recovery particulars for verification.

(b) An approval of ~~N~~30,360,295.50 (Thirty million, three hundred and sixty thousand, two hundred and ninety-five naira, fifty kobo) was obtained vide payment voucher FMP/CAP/ADV/01/15 of 8/1/2015 for staff participation at the World Energy Summit. However, a further audit of the payment shows that additional expenses of ~~N~~30,290,699.60 (Thirty million, two hundred and ninety thousand, six hundred and ninety-nine naira, sixty kobo) were incurred, bringing the total sum to ~~N~~60,650,00,295.00.

The excess payment of ~~N~~30,290,699.60 (Thirty million, two hundred and ninety thousand, six hundred and ninety-nine naira, sixty kobo) that was not part of the original approval should be recovered and evidence forwarded for verification.

(c) Also, a payment voucher No. FMP/CAP/ADV/01/15 of 08/01/15, with the amount totaling ~~N~~3,438,905.30 (Three million, four hundred and thirty-eight, nine hundred and five naira thirty kobo), was initially approved as traveling Allowance for an officer of the Ministry. However, it was discovered that the Permanent Secretary directed that the officer would not be attending the summit and that the Directors be pruned to three. This instruction was flouted as it was later discovered that 4 (Four) Directors attended the Summit as against the earlier instruction.

The said fourth Director should be made to refund the sum of ~~N~~3,438,905.30 (Three million, four hundred and thirty-eight, nine hundred and five naira thirty kobo), in full, forwarding the recovery particulars.

(d) An amount of ~~₦~~4,882,500.00 (Four million, eight hundred and eighty-two thousand, five hundred naira) was paid to a contractor for the supply of coloured photocopying machine. However, there was no evidence that the items were taken on store charge because there was no Store Receipt Voucher and accompanying invoice or delivery note to confirm that the contract was actually executed. Therefore, the sum of ~~₦~~4,882,500.00 (Four million, eight hundred and eighty-two thousand, five hundred naira) should be recovered from the contractor, forwarding evidence of recovery for verification.

(e) A payment was made for a media Advocacy on three Generating Companies vide payment voucher No. FMP/CAP/2896/2015 of 29/1/15 in favour of an officer of the Ministry in the sum of ~~₦~~2,000,000.00 (Two million naira). There were no invoices/receipts and other attachments to the voucher to show that the expenditure was really incurred under the Capital vote. Furthermore, there were no modalities on how the sum of ~~₦~~2,000,000.00 (Two million naira) was arrived at before the approval. This payment should have been an advance which the officer would have retired.

The Office should immediately retire the payment. Physical and documentary evidence should be presented for verification.

(f) A company was paid the sum of ~~₦~~7,172,550.00 (Seven million, one hundred and seventy-two thousand, five hundred and fifty naira), vide payment voucher No. FMP/CAP/2726/2014 of 17/12/14 as final payment for Consultancy services for Environmental Impact Assessment (EIA) for Small and Medium Hydro-Power Plant. The EIA Certificate could not be issued by the Ministry of Environment, the process was terminated because of non-viability of the project due to weak current of the water. However, even without the certificate of project completion, the final payment was approved and made. The contract between the Ministry of Power and the Consultant on this project as well as a copy of the Completion Certificate should be forwarded to my Office for verification.

(g) The sum of ~~₦~~4,450,000.00 (Four million, four hundred and fifty thousand naira) was refunded to an officer of the Ministry as Out-of-Pocket Expenses incurred on a chartered flight to convey some officers for official trip a Power Project, vide payment voucher No. FMP/CAP/2345/2014 of 14/10/2014. It was not explained why this payment was made to the Ministry official instead of directly to the aircraft company. The expenditure of ~~₦~~4,450,000.00 (Four million, four hundred and fifty thousand naira) could not be accepted as legitimate charges against public fund because the purpose for which it was made is doubtful.

The sum of ~~₦~~4,450,000.00 (Four million, four hundred and fifty thousand naira) should therefore be recovered from the officer and recovery particulars forwarded for verification.

(h) An officer of the Ministry was given the sum of ~~₦~~3,533,300.00 (Three million, five hundred and thirty-three thousand, three hundred naira) vide payment voucher No. FMP/CAP/ADV/25/2015 of 19th February, 2015 as cash advance for commissioning of Power Generating Company. However, there was no detail on the voucher showing what the cash advance was used for and whether it has been retired. This expenditure can not be accepted as legitimate charges against public

funds. The sum should be recovered and recovery particulars forwarded for verification.

(i) The sum of ~~₦~~3,840,000.00 (Three million, eight hundred and forty thousand naira) was paid to an officer of the Ministry vide payment voucher No. FMP/CAP/2982/2015 of 18/2/2015 as Out-of-Pocket Expenses (OPE) incurred on a World Press Conference organized by the Ministry.

A scrutiny of the voucher showed that the names of the participants offered accommodation and transport support were not attached to the payment voucher. Furthermore, the participants who were paid a flat rate of ~~₦~~60,000.00 (Sixty thousand naira) as transport to and fro had no destinations disclosed against their names to justify this payment.

The Management should produce evidence of payments into the accounts of the participants as stipulated by E-payment Policy of the Federal Government. Otherwise, this expenditure cannot be accepted as legitimate charges against public funds.

(j) The sum of ~~₦~~8,764,000.00 (Eight million, seven hundred and sixty-four thousand naira) was paid to a company vide payment voucher No. FMP/CAP/2884/2015 of 29/1/2015 as cost of flight of an officer and other delegates to Ibadan and Enugu. However, the manifest for these trips was not attached to the payment voucher to confirm the details. Therefore, the expenditure made on the voucher cannot be accepted as legitimate charges against public funds and should be refunded to government coffers, forwarding recovery particulars for verification.

(k) The examination of various bank statements belonging to the Ministry revealed that the sum of ~~₦~~2 billion was deposited into a Savings & Loans, Account since December, 2013. The Ministry should provide the backing document/information to enable me carry out proper audit checks on the operation of this account, particularly, the interest accrued on the deposit.

(l) The sum of ~~₦~~7 billion was received by the Ministry of Power in January 2015 as shown in the accounts. This fund was spread into 4 (Four) commercial banks under the Account name Hydropower Transmission Project. The budget for 2015 was not yet passed as at the time this money was received by the Ministry in January 2015 while the account for the year 2014 was already closed as at 31st December, 2014. It was also observed that there was no evidence that such money was budgeted for in respect of the Hydropower Transmission Project in either 2014 or 2015 fiscal year of the Ministry Appropriation Act.

(m) The total sum of ~~₦~~246,147,464.28 (Two hundred and forty-six million, one hundred and forty-seven thousand, four hundred and sixty-four naira, twenty-eight kobo) advanced to some staff of the Ministry in the year 2014 above the ~~₦~~200,000.00 (Two hundred thousand naira) limit stipulated in the Treasury Circular No. OAGF/CAD/026/V.1/188 of 9/3/13 was not retired. The retirement vouchers and the details of retirement were not forwarded for examination despite several demands.

Having exceeded the various time limits stipulated in the Financial Regulations, the total sum of ₦246,147,464.28 (Two hundred and forty-six million, one hundred and forty-seven thousand, four hundred and sixty-four naira, twenty-eight kobo) should be recovered from the officers immediately, forwarding recovery particulars for verification.

The response of the Permanent Secretary to all the issues is being awaited.

**FEDERAL MINISTRY OF WOMEN AFFAIRS
AND SOCIAL DEVELOPMENT**

3.18 At the Federal Ministry of Women Affairs and Social Development, the following observations were made:-

(a) Payments totaling ₦11,700,000.00 (Eleven million, seven hundred thousand naira) vide 3 (Three) payment vouchers (i) FMWASD/OC/408/15, (ii) FMWASD/OC/409/15 (iii) FMWASD/OC/438/15 were made to enable the Honourable Minister, the Permanent Secretary and some other staff members to embark on familiarization visits to selected Skill Acquisition Centres in the states.

However, further scrutiny of the documents revealed the following irregularities:

- (i) Part of the expenses for the verification visits was made on the day the Honourable Minister was sworn in.
- (ii) The expenditures were made because the fund was available contrary to the principles of probity, transparency and accountability.
- (iii) Audit investigation established that the purported acclaimed Appraisal Visit to Skill Acquisition Centres was never undertaken.
- (iv) Hiring of cars to Project Sites at ridiculous rates of between ₦75,000.00 and ₦77,000.00 for two days as appeared on receipts numbers 910 of 22/11/15, 107 of 24/11/15, 0416 of 27/11/15, 531 of 25/11/15, is contrary to exercise of due economy in line with the provision of Financial Regulation 415.
- (v) The International Hotel receipt of 23/11/15 which was issued for Hiring of Mini Bus from Hotel to unnamed project site rendered the receipts doubtful.
- (vi) All the attached receipts for fuelling did not indicate quantity in litres, rate per litre, date of purchase and vehicle number of the fuelled vehicles.
- (viii) Receipt number 5206 of 11/11/2015, the date the Minister was sworn in by the President of the Federal Republic of Nigeria and receipt number 11622 of 8th of November, 2015 with amount ₦100,000.00 respectively, are not clear. The two receipts were for servicing of a vehicle two times within 3 days.

As a result of the aforementioned irregularities, the expenditure items appeared doubtful. In the absence of any justifiable defense to make the expenditures acceptable as legitimate charges against the public fund, the sum of ₦11,700,000.00 (Eleven million, seven hundred thousand naira) should be refunded and the recovery particulars forwarded for audit verification.

(b) Audit examination of the Capital payment for 2015 made on payment voucher No. FMWASAD/ABJ/CAP/030 of 15/12/2015 for the sum of ₦3,252,053.00 (Three million, two hundred and fifty-two thousand, fifty-three naira) used to organize a 3-day Capacity building workshop and Economic Empowerment Program for Families in Distress in Nigeria, for Child Development officers and others revealed that:-

- (i) The programme was held from 1st – 3rd December, 2015 against 22nd – 23rd October, 2015 earlier proposed. The reason for the shift and difference in the number of days for the programme was not stated and there was no authority for the change.
- (ii) Although the programme was held in Abuja, the said 37 included the following: 17 persons from Child Development Department, FMWA SD, Abuja, 8 persons from NGOs and 12 other persons were paid for accommodation at a flat rate of ₦12,000.00 per night without their particulars. This is contrary to Financial Regulation 411 which states that DTA at the rate stated shall be paid to officers on official tours within Nigeria. The 17 officers of the Ministry are resident in Abuja, therefore the total sum of (₦12,000.00 x 17) x 2 = ₦408,000.00 (Four hundred and eight thousand naira) paid to them for accommodation should be recovered.
- (iii) The money was paid as personal advance but the date of approval and the date on the payment voucher were latter than the two dates listed in (i) above as dates of the programme.
- (iv) The advance is yet to be retired.

Except there are cogent reasons to explain the issues raised above, the whole amount of ₦3,252,053.00 (Three million, two hundred and fifty-two thousand, fifty-three naira) should be recovered and particulars forwarded for audit verification.

(c) The audit inspection of the Capital payment vouchers for 2015 revealed that a sum of ₦5,200,000.00 (Five million, two hundred thousand naira) paid on payment voucher No. CAP/037 of 17/12/2015 to an officer of the ministry as Out of Pocket Expenses to mobilize children from the six Area Councils of FCT for Rally/March past during the 2015 Children Day Celebration held on 27th May, 2015 is characterized by the following observations:-

- (i) ₦5,200,000.00 (Five million, two hundred thousand naira) paid as an Out of Pocket Expenditure to a civil servant is ridiculous and there was no prior approval given for the expenditure before Out of Pocket Expenditure was claimed.

- (ii) ~~₦~~200,000.00 (Two hundred thousand naira) was paid through TF10 as Honorarium to an officer of the ministry for a day's event indicating that due economy was not maintained contrary to Financial Regulation 415.
- (iii) Forty (40) Pressmen were purportedly used for the day's event at the price of ~~₦~~500,000.00 (Five hundred thousand naira). A receipt No. 5498 from Leadership Newspaper attached does not look genuine nor give clear breakdown of the use of such amount and the number of men involved, contrary to Financial Regulation 613 which requires identification of payees. This indicates financial recklessness and lack of due economy in use of government resources.
- (iv) A total sum of ~~₦~~2,242,000.00 (Two million, two hundred and forty-two thousand naira) was spent on lunch for adults and children through direct purchases from two caterers as per receipts attached.

Skicklip Catering & Restaurant Abuja	Receipt No. 766 of 27/5/15	₦ 367,000.00
Ranet Restaurant (Lagos)	Receipt No. 7326 of 27/5/15	₦ 1,875,000.00
TOTAL		₦2,242,000.00

This transaction contravenes the Procurement Act of 2007 which states that any purchase above ~~₦~~200,000.00 should be contracted out. This act also has denied Federal Government the much needed revenue like VAT realizable from such services.

From the above observations, it is evident that due economy was not exercised in carrying out the above expenditure contrary to Financial Regulation 415 and the performance of the said services is doubtful due to lack of sufficient and material evidence.

- (d) During audit examination of Capital payment vouchers, it was observed that a refund of ~~₦~~5,100,000.00 (Five million, one hundred thousand naira) was made to a Project Accountant through CAP/040/15 of 18/12/15 for payment made to organize symposium for stakeholders on reducing challenges faced by Orphans during commemoration of World Orphan's Day on May 7th 2015.

Further scrutiny of the attached documents revealed the following:

- (i) The sum ~~₦~~500,000.00 (Five hundred thousand naira) was said to have been spent to mobilize 100 members of NCWS @ ~~₦~~5,000.00 each without any supporting evidence.
- (ii) The sum of ~~₦~~550,000.00 (Five hundred and fifty thousand naira) was said to have been spent for Hiring and Decoration of Hall at Women Development Centre for a day's event. At the same time a sum of ~~₦~~400,000.00 (Four hundred thousand naira) was spent on Hiring & Decoration of Truck for the same event. The receipt attached is not official. The payment of ~~₦~~550,000.00 contravenes Financial Regulation 619 which states that any payment due to or received by any government officer in official capacity shall be made to the Treasury for which official receipt shall be issued. Also, the payment of

~~₦400,000.00~~ is contrary to e-payment Circular TRY/A8&B8/2008 OAGF/CAD/026/VOL.II/465..4/(IV) of 22/10/2008 which stipulates that contractors of government must indicate their current account particulars with commercial banks on the invoice submitted for payment under their corporate seal.

- (iii) A total of ~~₦1,800,000.00~~ (One million, eight hundred thousand naira) was paid through TF.10. This money was purported to have been used to mobilize children from 30 schools and 20 child focused NGOs and monetization of wares to orphans. There is no supporting evidence of the said schools and NGOs. The money was disbursed to individuals instead of the organization hosting them. This act renders the said payments unacceptable.
- (iv) A total of ~~₦960,000.00~~ was also paid through TF.10 to the following:

		₦
(i)	Rappoteurs 2 @ 10,000.00	- 20,000.00
(ii)	DJ Musical Bands	- 60,000.00
(iii)	Allow. for Ushers & Uniform 10 @ ₦10,00.00	- 100,000.00
(iv)	Allow. for Registration 3 staff @ ₦10,00.00	- 30,000.00
(v)	Honorarium for Resource Persons 3 @ ₦50,000.00	- 150,000.00
(vi)	Honorarium for 2 MCs @ ₦150,000.00	- 300,000.00
(vii)	Allow. for Musical Band	- 100,000.00
(viii)	Allow. for Drama Presentation	- 100,000.00
(ix)	Allow. for Cultural Presentation	- 50,000.00
(x)	Allow. for Poem Recitation	- <u>50,000.00</u>
TOTAL		= <u>₦960,000.00</u>

There was no documented evidence of agreement relating to services rendered from any of the parties. There were no receipts issued by the said Recipients/Organizations as evidence of money received for their services.

- (v) Eight hundred thousand naira (~~₦800,000.00~~) was purportedly paid for refreshment contrary to Public Procurement Act 2007 which stipulates that any purchase or service above ~~₦200,000.00~~ should be done through contract.

All the receipts attached could not be verified. All the payments made through TF.10 were irregular judging from the fake names and fake signatures, there was no identified witness to all the payments, no date and the station of the said payments were unknown. This is contrary to Financial Regulation 613 which states that payees must be properly identified. The approval document was a photocopy, unfortunately the signature of the Honourable Minister, Women Affairs and date of approval was cut off. There was no report of the outcome of the programme.

Out of the total expenditure of ~~₦5,100,000.00~~ (Five million, one hundred thousand naira), only ~~₦1,800,000.00~~ was geared towards the main target beneficiaries.

In view of this, the sum of ~~₦3,300,000.00~~ (Three million, three hundred thousand naira) should be recovered as extraneous expenditure and evidence of recovery forwarded for audit verification.

(e) During examination of payment voucher number FMWASD/OC/358/15, it was discovered that a sum of ₦1,362,000.00 (One million, three hundred and sixty-two thousand naira) was paid as final payment made to an officer of the Ministry for servicing the meeting of the Permanent Secretary with Coordinators of Skills Acquisition Centres and NGOs at Abuja to review the progress of activities of the Centre and the NGOs and to assess their impact on Women Empowerment and Poverty Alleviation in realization of the ministry's mandate. The sum of ₦2,880,000.00 (Two million, eight hundred and eighty thousand naira) was claimed to have been paid out of ₦4,242,000.00.

The following irregularities were observed:-

- (i) The entire approved proposal were highly inflated.
- (ii) The paid vouchers amounting to ₦2,880,000.00 were not attached contrary to Financial Regulation 603(i) which states that all vouchers shall contain full particulars of each service so as to enable them to be checked without reference to any other documents.
- (iii) Reasons for accommodating 60 Coordinators at ₦25,000.00 (Twenty-five thousand naira) each, totaling ₦1,500,000.00 were not stated.
- (iv) The sum of ₦300,000.00 for Public Address System and Over head Projector and Screen appeared too high contrary to Financial Regulation 415 which emphasized due economy.
- (v) ₦100,000.00 apportioned for Logistics/Secretariat/Transport was unrealistic.
- (vi) The expenditure items of this payment could not be regarded as a legitimate charge against public fund but rather a waste of public fund. The expenditure was made because fund was available.

On account of these irregularities, the sum ₦1,362,000.00 should be properly accounted for or refunded.

(f) During audit inspection of the Capital payment vouchers for 2015, it was observed from retirement voucher CAP/205 of 16/2/2015 the sum of ₦7,418,490.00 (Seven million, four hundred and eighteen thousand, four hundred and ninety naira) was used to organize an Economic Empowerment program for Families in Distress in Nigeria.

Further scrutiny of the retirement documents revealed that:-

- (i) The program was not held on the date, 15th May which was adopted by the UN Resolution 47/237 of 20th September, 1993.
- (ii) There was no document attached which authorized each Nation to hold the 20th International Day of Families at anytime within the year.

- (iii) There was no memo raised in respect of the event, as such the date, time and venue for the event were not specified.
- (iv) The receipts with dates attached for the payments relating to the event do not give clear view of when the event was actually carried out and did not align with 15th May.

The receipts and their details are as follows:

- (i) The dates for the materials for the event from ii-ix do not agree with the date for the reservation of the venue for the event, which was 26th August, no specific date mentioned for the use of the Hall.
- (ii) All the receipts attached did not carry the features of a genuine receipt and there was no signature of the customer in any of the receipts.
- (iii) The dates and features of the receipts made them doubtful.

These observations render the purported expenditures questionable.

- (iv) A total sum of ~~N~~600,000.00 (Six hundred thousand naira) was paid to an officer of the ministry through TF 10 for Media Coverage and Press relations for the event but there was no terms of agreement and evidence of services rendered for this payment. Also, the particulars and identity of the payee were not disclosed.
- (v) No report was rendered on the outcome of the programme.

Cogent explanations for the above irregularities should be provided, failing which the total sum of ~~N~~7,418,490.00 (Seven million, four hundred and eighteen thousand, four hundred and ninety naira) should be recovered and particulars forwarded for audit verification.

(g) Examination of payment voucher no. FMWASD/ADV/050/15 for the sum of ~~N~~1,214,158.52 (One million, two hundred and fourteen thousand, one hundred and fifty-eight naira, fifty-two kobo) in favour of an officer of the ministry with its retirement voucher no. FMWASD/ABJ/010/15 showed that the payment was made for publishing the ministry's Projects in Guardian Newspaper (full page) at ~~N~~532,950.00, Punch Newspaper (full page at ~~N~~461,208.52 and Federal Tenders Journal (full page) at ~~N~~220,000.00.

However, the following irregularities were observed:

- (i) The attached receipts, all from Guardian Newspapers Limited, could not be accepted as authentic documents for Punch and Tenders Journal.
- (ii) It was discovered that half pages instead of full pages as paid, for Guardian and Leadership instead of Punch and Federal Tenders Journal, were published.

- (iii) The sum of ~~₦~~607,079.26 (Six hundred and seven thousand, seventy-nine naira, twenty-six kobo) being unexpended balance was not returned to chest. Therefore, the sum of ~~₦~~607,079.26, being unspent balance should be refunded and the refund particulars forwarded for audit verification.

I have called for the Permanent Secretary's explanation.

- (h) During the audit examination of Capital payment vouchers for the year 2015, it was observed that 35 (Thirty-five) Capital payment vouchers for amounts totaling ~~₦~~112,354,823.00 (One hundred and twelve million, three hundred and fifty-four thousand, eight hundred and twenty-three naira) and 22 (Twenty-two) Overhead payment vouchers for amounts totaling ~~₦~~10,484,590.00 (Ten million, four hundred and eighty-four thousand, five hundred and ninety naira) were raised as personal advances for various payments.

However, the following irregularities were observed:

- (i) The vouchers were not retired as at when due contrary to Financial Regulation 1405 which states that advances should be retired promptly.
- (ii) There was no Advances Ledger for the up-to-date record of the advances granted and the ones recovered, contrary to Financial Regulation 1404(i) which stipulates that all Accounting officers of a Ministry/Extra-Ministerial offices and other Arms of Government shall ensure Advances Account Records fully indexed, are maintained to record advances issued and all the recoveries made.
- (iii) Multiple advances were given without retirement of the earlier ones contrary to Financial Regulation 1404(iii) which states that officers responsible for advances records are responsible for bringing to the notice of the Accounting officer any item which is overdue for settlement.
- (iv) Personal Advances were used for payment to 2 (Two) contractors to the tune of ~~₦~~4,586,764.00 (Four million, five hundred and eighty-six thousand, seven hundred and sixty-four naira) as follows:-

	₦
(i) Xquisit Tech Limited-	2,339,684.00
(ii) Erica Dawn Int'l Ltd -	<u>2,247,080.00</u>
TOTAL=	<u>₦4,586,764.00</u>

The reason for paying contractors with cash advances instead of through their bank account was not stated. It seems that such expenditures were hurriedly made to mop up excess fund at the end of the year without due process, contrary to Public Procurement Act 2007.

All the issues raised have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/AIR/FMWA/2015/1 dated 27th June, 2016 and his response is being awaited.

FEDERAL MINISTRY OF SOLID MINERALS DEVELOPMENT

3.19 The examination of accounting records of the Ministry of Solid Minerals Development revealed that:-

(a) Pre-payment audit was not carried out on 8 (Eight) payment vouchers valued at ₦2,828,445.90 (Two million, eight hundred and twenty-eight thousand, four hundred and forty-five naira, ninety kobo) which were paid to various beneficiaries between October and December, 2015 as there were no Internal Audit Stamps on them. This contravenes Financial Regulation 1705 which requires 100% pre-payment audit of all checked and passed vouchers.

(b) The sum of ₦3,167,385.11 (Three million, one hundred and sixty-seven thousand, three hundred and eighty-five naira, eleven kobo) was paid to various staff members of the ministry as overtime allowance vide 11 (Eleven) payment vouchers dated between November, 2014 and December 2015. Audit scrutiny of the payment vouchers revealed that overtime forms/sheets were not attached to the payment vouchers.

(c) Amounts totaling ₦1,000,000.00 (One million naira) was observed to have been paid as Out of Pocket Expenses to an officer of the ministry within four months for fuelling of a project vehicle attached to the Office for the months of February, April, May and June, 2015.

Further audit examination of the documents revealed that payment made as OPE is quite exorbitant and questionable in relation to the officer's salary per month. It is not clear how the officer in question could afford ₦1,000,000.00 (One million naira) out of his pocket to fuel a project vehicle attached to the Office before seeking re-imburement.

(d) Audit examination of Recurrent Expenditure Cashbook, payment vouchers and mandates for the years 2014 and 2015 revealed that a total sum of ₦9,769,560.31 (Nine million, seven hundred and sixty-nine thousand, five hundred and sixty naira, thirty-one kobo) representing ₦4,662,957.79 for 2014 and ₦5,106,602.52 for 2015, was deducted and remitted by the ministry to the Federal Inland Revenue Service without any outstanding unremitted balance.

(e) Similarly, examination of Capital Cashbook, payment vouchers and mandate for the year ended 2015 revealed that a total sum of ₦21,546,796.76 (Twenty-one million, five hundred and forty-six thousand, seven hundred and ninety-six naira, seventy-six kobo) was deducted and remitted to Federal Inland Revenue Service.

The Federal Inland Revenue Service receipts or e-Ticket which was not provided by the Ministry should be forwarded to this Office for confirmation of the payments.

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

NATIONAL POPULATION COMMISSION

3.20 At the National Population Commission, the following observations were made:-

(a) Personal advances were being used indiscriminately to purchase store items and other services that would have been awarded through contracts which would have generated revenue in form of taxes to the government. This is contrary to Financial Regulation 2302(ii) which stipulates that “on no account shall special imprest or cash advance be used in place of local purchase order or job order for the procurement of stores locally” and Treasury Circular No. OAGF/CAD/026/VOL.1/188 of March, 2009 also states that “all local procurement of stores and services above ₦200,000.00 shall only be made through contract awards”.

During the period under review, a total sum of ₦19,992,050.00 was granted as personal advances for the purchase of various store items and other services, contrary to extant rules and regulations. This practice has negatively affected the performance of the stores unit of the Commission in terms of use, monitoring and control of store items. This is prone to fraudulent practices, abuse of the cash advance and violation of the public procurement procedures.

The Chairman has been requested to explain this practice or repay the sum to Government coffers.

(b) The Commission paid the sum of ₦121,677,116.58 (One hundred and twenty-one million, six hundred and seventy-seven thousand, one hundred and sixteen naira, fifty-eight kobo) for the contract of works (Store items including the installation of CCTV surveillance cameras) at the Commission’s Headquarters, Mabuchi, Abuja, that never functioned. They were observed to be fake store items and this is a loss to Federal Government and it is contrary to the provisions of Financial Regulation 25 & 26.

The Chairman should recover the sum of ₦121,677,116.58 (One hundred and twenty-one million, six hundred and seventy-seven thousand, one hundred and sixteen naira, fifty-eight kobo) to chest for the store items that were observed to be fake and not functional in line with extant regulations.

(c) The Commission awarded a contract and paid a construction company, for the supply and installation of CCTV surveillance cameras in the NPC office building at a cost of ₦6,598,483.50 (Six million, five hundred and ninety-eight thousand, four hundred and eighty-three naira, fifty kobo) on 18th February, 2016, with payment voucher No. 0042/2015 which, never functioned since installation.

Audit scrutiny revealed that the Commission’s Technical Department signed and issued job completion certificate for the job that is not functional since installation on 15th February, 2016. This is gross financial impropriety and breach of internal control on payment of contract and procurement guidelines.

The amount of ~~₦~~6,598,483.50 (Six million, five hundred and ninety-eight thousand, four hundred and eighty-three naira, fifty kobo) should be recovered in line with the provisions of extant rules.

(d) A sum of ~~₦~~2,350,000.00 (Two million, three hundred and fifty thousand naira) was paid through payment voucher No. 0023/2015 of 22nd October, 2015 to an officer of the Commission for the development of NPC Education Curriculum Studies.

The payment was not supported by relevant documents of the transaction (i.e. evidence and utilization) therefore, the payment cannot be regarded as being spent in public interest.

The Chairman should provide evidence of utilization otherwise the sum of ~~₦~~2,350,000.00 (Two million, three hundred and fifty thousand naira) should be recovered from the officer concerned and evidence of recovery forwarded to my Office for verification.

(e) Audit observation revealed that the rented NPC office accommodation at the Headquarters, the States and the Office complex under construction have not been insured, contrary to the provisions of Section 64 & 65 of the Insurance Act 2003, which made it mandatory for persons constructing any building that is more than two floors to insure their liability in respect of construction risk that might be caused by their negligence or that of their servant or consultants, which may result in bodily injury or loss of life or damage to property.

The Commission should carry out the comprehensive insurance of the buildings without further delay and evidence of compliance should be forwarded to my Office for verification.

(f) Thirty-three (33) Capital expenditure payment vouchers and 11 (Eleven) Overhead expenditure payment vouchers for amounts totalling ~~₦~~219,566,957.43 (Two hundred and nineteen million, five hundred and sixty-six thousand, nine hundred and fifty-seven naira, forty-three kobo) were not presented for audit, despite repeated demands. These expenditures can therefore not be accepted as proper and legitimate charges against public funds. The payment vouchers should be produced for audit examination in line with extant regulations or else the total amount should be recovered and paid back to Treasury, forwarding payment particulars for verification.

(g) Value Added and Withholding taxes amounting to ~~₦~~25,394,276.09 (Twenty-five million, three hundred and ninety-four thousand, two hundred and seventy-six naira, nine kobo) were observed to have not been remitted to the appropriate tax authorities, as evidence of remittance were not seen, contrary to the provisions of Financial Regulation 234.

Therefore, the sum of ~~₦~~25,394,276.09 (Twenty-five million, three hundred and ninety-four thousand, two hundred and seventy-six naira, nine kobo) should be remitted to the appropriate tax authorities and evidence of remittance forwarded to my Office for verification.

(h) A Mitsubishi Pick-up vehicle with Registration Number GG 13 G49, auctioned in Oyo State office to a buyer in June, 2011 was brought back to pool and exchanged with a serviceable Toyota Hilux with Registration Number FG 270 H49, Engine Number 3R2-Fe2694 and Chassis Number JTFDMD 62650,0034034033. The effect of this act is that the commission was deprived of the use of this serviceable Hilux Pick-up for the efficient running of the Office. This is also a loss to the Commission and to the Federal Government of Nigeria.

The Toyota Hilux with Registration Number FG 270 A49 should immediately be recovered by the Commission, forwarding evidence of recovery for verification.

(i) Personal Advances totaling ₦4,041,230.00 (Four million, forty-one thousand, two hundred and thirty naira) granted to various officers of the Commission at the Headquarters and States for the period under review had not been retired as at June, 2016. This is a breach of government Financial Regulations. The unretired advances should be recovered en-bloc from the officers' salaries and recovery particulars forwarded to my Office for verification.

(j) Audit observation also revealed that the Commission has neither Plant Register nor Fixed Assets Register. The Inventory Boards found in the Commission offices were not updated.

The Commission should immediately commence the process for identification and recording of government assets, in compliance with the International Public Sector Accounting Standards (IPSAS) which became operational effective 1st January, 2016.

(k) Nine (9) Peugeot 508 motor vehicles belonging to the Commission, which were acquired in 2013 were initially insured but the insurance expired since October, 2015 and was not renewed as required by extant law. This has exposed the government vehicles to risk of loss in case of accident, theft, fire etc without replacement or compensation from the insurance company. This is contrary to Section 68 of the Insurance Act that specified, no vehicle inclusive of the government vehicles shall be used on the road unless a liability which may thereby be insured in respect of damages to the property of third party and is insured with a registered insurer.

The Commission should renew the comprehensive insurance of the 9 (Nine) Peugeot 508 motor vehicles already expired without further delay.

These matters have been communicated to the Chairman through my Audit Inspection Report Ref. No. OAuGF/AIR/2015/NPC/VOL.1/15 dated 1st April, 2015 and his response is still being awaited.

FEDERAL MINISTRY OF TRANSPORT

3.21 At the Federal Ministry of Transport, the following observations were made:-

(a) Value Added Taxes (VAT) amounting to ₦15,929,514.73 and Withholding Taxes (WHT) amounting to ₦32,543,280.17, totalling ₦48,472,794.73 deducted from various contracts were not remitted to the Federal Inland Revenue Service (FIRS). The Permanent Secretary has been requested to produce all documentary evidences to show that the sum of the taxes amounting to ₦48,472,794.73 have been remitted to FIRS, otherwise it will be treated as unaccounted revenue accruable to government.

(b) It was observed that 7 (Seven) payments for various amounts totaling ₦17,101,527.93 were made in favour of some officers without raising payment vouchers contrary to Financial Regulation 601 which stipulates that “all payment entries in the Cash/accounts shall be vouched 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”.

The Permanent Secretary has been requested to comment on this flagrant disregard to Financial Regulations and recover from each officer the total amounts received by them, furnishing recovery particulars for verification.

(c) Advances for various amounts totaling ₦22,815,300.00 (Twenty-two million, eight hundred and fifteen thousand, three hundred naira) granted in 2015 are yet to be recovered as at June, 2016 whereas Financial Regulation 1420 states that the accounting officers are responsible for ensuring that all advances to officers are fully recovered. The Permanent Secretary has been requested to ensure that the officers involved fully retire the advances, else the amount should be recovered en-bloc from them.

All the issues raised above have been communicated to the Permanent Secretary and his responses are being awaited.

CODE OF CONDUCT BUREAU

3.22 At the Code of Conduct Bureau, the following observations were made:-

(a) Examination of payment voucher number CCB/HQ/OC/177/15 dated 30/4/15 with the sum of ₦478,000.00 (Four hundred and seventy-eight thousand naira) was paid to a company for the purchase of customized souvenir items for distribution to some MDAs as a way of educating and sensitizing them on the mandate and Code of Conduct for Public officers.

Audit scrutiny of the payment voucher revealed that there were no cash receipts for the items purchased. The items were not taken on store ledger charge. All efforts to get the distribution list of those items proved abortive despite repeated demands.

The Chairman was requested to produce documentary evidence to prove the genuineness of the transaction, otherwise the entire amount should be recovered from the officers who processed the payment and recovery particulars submitted for audit verification.

(b) During the audit examination of payment vouchers, it was observed that 5 (Five) officers were paid the sum of ₦1,813,408.48 (One million, eight hundred and thirteen thousand, four hundred and eight naira, forty-eight kobo) vide 5 (Five) payment vouchers for their first 28 days in lieu of hotel accommodation, resettlement and transport allowance. There was no evidence that the officers received the money either by cash or through their bank accounts.

In view of this observation, the Chairman has been requested to produce the documentary evidence of the payments to the 5 officers for audit verification, or else the entire sum of ₦1,813,408.48 (One million, eight hundred and thirteen thousand, four hundred and eight naira, forty-eight kobo) should be recovered en-bloc from the officers who processed the payments, forwarding recovery particulars for audit.

(c) The sum of ₦6,858,500.00 (Six million, eight hundred and fifty-eight thousand, five hundred naira) was paid on 10 (Ten) payment vouchers to some organizations and staff to procure various services and products for which no supporting documents such as receipts, etc were attached or produced for examination as at the time of audit. As a result, it will be difficult to ascertain the genuineness of the payment of the sum of ₦6,858,500.00 hence all the transactional documents should be produced for audit verification or else the payments will not be accepted as legitimate charges against public funds.

(d) The sum of ₦659,838.00 (Six hundred and fifty-nine thousand, eight hundred and thirty-eight naira) was paid to an officer of the ministry vide PV No. CCB/HQ/OC/293/2015 dated 13th May, 2015 for placement of advert in Daily Trust and Nation Newspapers. However, the receipts/acknowledgement to authentic the payments and the Newspaper publications were not produced for audit verification. The Chairman is hereby requested to produce all documentary evidences to show that the payment of the sum of ₦659,838.00 was genuine, else the entire amount of ₦659,838.00 should be recovered en-bloc from the officers who processed the payment.

(e) The sum of ₦995,000.00 was paid to some officers vide 6 (Six) payment vouchers to purchase various items such as fridges, tyres, stationeries, laptops, photo-frames and sofa trees. However, there is no documentary evidence to show that the items were purchased and taken on store ledger charge, contrary to Financial Regulation 2402 which emphasizes that all purchased store items must be properly taken on store ledger charge. Since the purchases are doubtful, the sum of ₦995,000.00 should be recovered from the officers concerned and the recovery particulars forwarded for audit verification.

(f) During the audit verification of motor vehicles, it was discovered that Toyota Land Cruiser Prado 2.7, with Registration Number 02C-07 FG and Engine/Chassis No. 2TR1084642/JTEBX9FJXC-5017822 was not produced for audit verification. Further investigations revealed that the vehicle was formerly attached to a Federal

Commissioner (F&A), who went away with it on retirement in the year 2015, and that he failed to surrender the car after retirement. All efforts made to retrieve the said vehicle from the Commissioner proved abortive as at the time of writing this report.

The Chairman has been requested to make concerted effort to recover the vehicle from the Commissioner and present it for audit verification.

(g) In the Kaduna Office of the Bureau, an officer retired from the service on 25th August, 2015 whereas his salary was paid up till December, 2015 (i.e. 4 months after his retirement).

His monthly gross earning was ₦242,765.44 (Two hundred and forty-two thousand, seven hundred and sixty-five naira, forty-four kobo) cumulating to ₦971,061.76 (Nine hundred and seventy-one thousand, sixty-one naira, seventy-six kobo).

(h) Similarly, in Katsina Office, an officer of the ministry died on 5th of July, 2015 while his salary was paid up till December, 2015.

His monthly gross earning was ₦128,714.92 (One hundred and twenty-eight thousand, seven hundred and fourteen naira, ninety-two kobo), amounting to ₦772,289.52 (Seven hundred and seventy-two thousand, two hundred and eighty-nine naira, fifty-two kobo) for the 6 (Six) months period.

The Chairman has been requested to comment on the observed irregularities and set up modalities to recover the over paid amounts from the contributory pension benefits of the two retired officers remitting same to treasury and submitting evidence of remittances for my audit verification.

All the issues raised above have been communicated to the Chairman and his response is being awaited.

FEDERAL MINISTRY OF ENVIRONMENT

3.23 At the Federal Ministry of Environment, it was observed that:-

(a) A former staff of the ministry on posting to another ministry since April, 2014 went away with his 2 (Two) official vehicles belonging to the Ministry of Environment. Audit scrutiny of the records revealed that the vehicles were not sold to the officer and that the net book value of the vehicles were not stated in the records.

Also, detailed information and whereabouts of a Peugeot ambulance with Registration Number PS ARFN 10LH belonging to the ministry were not produced for audit verification.

The Permanent Secretary has been hereby requested to make concerted efforts to recover the two vehicles from the officer on posting and also produce the Peugeot Ambulance vehicle, its particulars and location for audit verification.

(b) Store items totaling ₦17,181,620.75 (Seventeen million, one hundred and eighty-one thousand, six hundred and twenty naira, seventy-five kobo) purchased during the period under review were not taken on store ledger charge as neither Store Receipt Voucher (SRV) nor Stock Verifier's Stamp were attached/affixed to the financial records relating to their procurements, contrary to the provisions of Financial Regulations 2402(i) and 2802 which stipulate that all items of store must be duly received into the store by issuing Store Receipt Vouchers (SRVs) and be subjected to Stock Verifier's examination and stamping.

The Permanent Secretary has been requested to produce for audit verification documentary evidences that the store items valued at ₦17,181,620.75 were actually purchased and taken on store ledger charge and that the documents were duly certified by the Stock Verifiers else the payments will not be accepted as legitimate charges against public funds.

(c) Cash Advances totaling ₦66,103,940.00 were granted to some officers of the ministry to procure various services during the year for the benefit of the ministry, but were not retired long after the year ended. The inability of the officers to retire the advances long after the year end indicate that value for money was not derived from the alleged procurements.

The Permanent Secretary has been requested to comment on these irregularities and recover and pay to government treasury the total advance paid to each officer, furnishing recovery particulars for audit verification.

(d) A company was paid the sum of ₦1,200,000.00 vide payment voucher number FMENV/CAP/EXP/210/2015 dated 15th December 2015 for Erosion Control works in Kaura Goje Ward, Nasarawa Constituency in Kano State. Examination of the GIFMIS Print out Serial Nos. 31-33 dated 23rd December 2015 revealed that for the same job the contractor was actually paid the sum of ₦2,400,000.00 tax inclusive, resulting in an overpayment of ₦1,200,000.00 to the contractor.

The Permanent Secretary has been requested to explain the discrepancy or recover the over-payment of ₦1,200,000.00 from the contractor, pay same to government treasury and forward particulars for audit verification.

(e) The sum of ₦2,356,000.00 (Two million, three hundred and fifty-six thousand naira) was paid vide payment voucher No. FMENV/ROC/CAP/19/2015 of 15th December 2015 for the purpose of organizing National Workshop on Solid Waste Management in Nigeria to be held on 16th – 17th December 2015 in Kaduna State.

A breakdown of the cost elements of this doubtful expenditure is presented below for proper elucidation:

		₦
(i)	Duty Tour Allowances for 18 officers	= 816,000.00
(ii)	Dispatch of 120 letters	= 360,000.00
(iii)	Secretariat Support Cost	= 200,000.00
(iv)	Transport/Fueling of 7 vehicles	= 170,000.00
(v)	Air/Return Tickets/Terminals for 6 Resource Persons/5 Experts	= 660,000.00
(vi)	Press Courage	= 150,000.00
	TOTAL	= <u>₦2,356,000.00</u>

Examination of the payment particulars revealed that it is an advance which should be retired immediately the exercise was concluded but there is no evidence of such retirement. Further audit scrutiny showed that the PV was raised payable to Federal Ministry of Environment ostensibly to shield the identity of the officer who collected the money and who should retire the advance at the conclusion of the event.

The Permanent Secretary has been requested to comment on the observed irregularities, identify the officer who collected the sum of ~~₦~~2,356,000.00, produce evidence that the workshop took place as proposed and present documentary evidence of the retirement of ~~₦~~2,356,000.00 for audit verification. Otherwise this amount not be accepted as a legitimate charge against public funds.

MINISTRY OF NIGER DELTA AFFAIRS

3.24 At the Ministry of Niger Delta Affairs, the following observations were made:

(a) In the course of examination of payment vouchers, it was observed that the Ministry directly engaged, through balloting, the services of 126 (One hundred and twenty-six) security men and cleaners including a supervisor each in the 9 (Nine) States of the Niger Delta Region at an annual cost of ~~₦~~43,740,000.00 (Forty-three million, seven hundred and forty thousand naira). This translates to a monthly payment of ~~₦~~3,645,000.00 (Three million, six hundred and forty thousand naira) for 4 (Four) months payments covering March, May, June and July, 2015 respectively to buttress this assertion.

This action of the Ministry is contrary to Federal Government Policy which outsourced the services of this category of employees to private entities. It also contravened paragraph 9, Part II of the Federal Civil Service Commission Guidelines for Appointment, Promotion and Discipline, Revised August, 2004 edition, which states, among other things, that the recruitment of persons into temporary positions by Ministries and Extra-Ministerial Departments is abolished and that a breach of this rule shall be an offence which may attract appropriate disciplinary action including surcharge.

Audit investigation further revealed that engagement letters were not given to these employees to spell out their conditions and terms of engagement, with the costly implication of absolving them of all contractual liabilities even when they were paid remunerations, free of tax, at Government expense. Also, the expected revenue from Withholding and Value Added Taxes if the services had been contracted to corporate entities, were regrettably lost.

The Permanent secretary has been hereby requested to:

- (i) Engage the services of a corporate firm for the services of security men and cleaners in line with Federal Government Policy.
- (ii) Discontinue the direct engagement and payment of these security men and cleaners in all the state offices forthwith.

(iii) Explain the reason for this mode of employment which contravenes laid down regulation and extant circulars.

(b) Two payment vouchers Nos. MNDA/ABJ/ADV/01615 of 26th February, 2015 for the sum of ₦2,100,000.00 (Two million, one hundred thousand naira) and MNDA/ABJ/ADV/038/15 of 26th March, 2015 for the sum of ₦2,014,000.00 (Two million, and fourteen thousand naira) totaling ₦4,114,000.00 (Four million, one hundred and fourteen thousand naira) were used to grant personal advances to 2 (Two) staff members of the Ministry for replacement of bulbs, electrical light and fluorescents in rooms and offices from the 11th floor to the ground floor and annex building of the Ministry.

This practice not only denied the Federal Government of the revenue that could have been derived from statutory deductions of Withholding and Value-Added-Taxes on the amount if contracted, but also contravened paragraph 3 of Federal Treasury Circular Ref. No. TRY/A2&B2/2009 dated 24th March, 2009 which states that all accounting officers and officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 (Two hundred thousand naira) shall be made only through award of contracts.

Further examination and verification revealed the following:

- (i) The items purportedly purchased never got to the Store to be taken on Stores Ledger charge prior to issuance to any user department, depicting poor control over procurement and use of stores and casting doubt as to whether the items were actually bought in the first place.
- (ii) The initiator of the approved request on payment voucher number MNDA/ABJ/AD/016/2015 of 26th February, 2015 was an officer of the Ministry. Payment was however made in favour of a different officer of the Ministry without written authority to that effect and in contravention of payment procedure as provided in Financial Regulation 613 which among other things provides that 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 Officer and other arms of Government to furnish proof of identity if required.
- (iii) As at the time of writing this report in July, 2016, no evidence of retirement of these advances was available for audit verification. Excessive use of personal advances for direct procurement of stores and services should be discouraged, in line with extant treasury circulars.

Verifiable evidence should be produced by the officers concerned on the utilization of the sum of ₦4,114,000.00 (Four million, one hundred and fourteen thousand naira), else, the amounts should be recovered from them and evidence of recovery forwarded for verification.

(c) The sum of ₦2,693,000.00 (Two million, six hundred and ninety-three thousand naira) was paid as Duty Tour and Transport Allowance to an officer of the Ministry and others to undertake official tour to State offices for Public Financial Management and

Internal Control checks on Departmental payment voucher number MNDA/ABJ/OC/260/2015. Examination of the payment voucher revealed that specific names of the beneficiaries were not disclosed, instead, designations were used. Use of designations in place of real names of officers to spend public funds does not promote payment validity, transparency and accountability. It also contravenes 'E' payment rule of the Federal Government.

(d) The Ministry disposed a total of 22 (Twenty-two) vehicles to various beneficiaries in May, 2015 and realized a total sum of ₦5,215,500.00 (Five million, two hundred and fifteen thousand, five hundred naira) which was paid into the Treasury Single Account with the Central Bank of Nigeria and acknowledged in Treasury Receipt Number G002202212 of 8th October, 2015.

Out of the 22 (Twenty-two) vehicles, 8 (Eight) were purchased on 23rd June and 18th August, 2014 from JBS Motors and Co., Abuja at a total cost of ₦106,560,000.00 (One hundred and six million, five hundred and sixty thousand naira) and duly paid for vide payment voucher numbers 004 and 182 of 1st and 27th August, 2014 for ₦52,885,000.00 (Fifty-two million, eight hundred and eighty-five thousand naira) and ₦53,675,000.00 (Fifty-three million, six hundred and seventy-five thousand naira) respectively.

Less than one year after acquisition, 6 (Six) vehicles costing ₦90,870,000.00 (Ninety million, eight hundred and seventy thousand naira) out of the 8 (Eight) vehicles bought in June and August, 2014 and with no record of any accident, were sold at a ridiculous sum of ₦2,172,600.00 (Two million, one hundred and seventy-two thousand, six hundred naira). Further scrutiny of the transaction revealed that the Ministry utterly disregarded the guidelines provided in Financial Regulation 2622 which stipulates that for the purpose of arriving at the estimated values of motor vehicles with engine capacity of over 2000cc and under one year of age as is the case of the disposed vehicles, that 30% reduction on original cost of the motor vehicles should be applied in arriving at their disposal values. Flagrant violation of this provision led to willful suppression and understatement in the disposable value of the vehicles and consequential loss of revenue to the Federal Government amounting to ₦61,436,400.00 (Sixty-one million, four hundred and thirty-six thousand, four hundred naira). The economic lives of the motor vehicles for Government services were also prematurely terminated against public interest.

The total sum of ₦61,436,400.00 (Sixty-one million, four hundred and thirty-six thousand, four hundred naira), being the understated disposable value of the vehicles should be recovered from their various purchasers and evidence of recovery forwarded to me for verification.

(e) A Consultancy contract for the management of agitations and grievances by some Ministry of Niger Delta Affairs sponsored Grand hands of Marine studies was awarded to Messrs Scotchville Industrial Consortium Limited vide letter of award of contract Ref. No. MNDA/PROC/CONSULTANCY/AWARD/14/2 of 9th April, 2014 at a total contract sum of ₦46,453,700.00 (Forty-six million, four hundred and fifty-three thousand, seven hundred naira) with completion period of two weeks.

Examination of the payment vouchers and their relevant supporting documents revealed the following anomalies:-

- (i) Paragraph: 3:1 of the Contract Agreement drawn by the Ministry provided that the Consultant shall be paid a total contract sum of ~~₦~~46,453,700.00 of which ~~₦~~12,160,000.00 only, inclusive of VAT and Withholding Tax, shall be the consultancy fee, while paragraph 3.2 (b-f) amounting to ~~₦~~34,293,600.00 was to be non-taxable and to be paid to the consultant for administering the programme. This waiver was granted by the Ministry without recourse to relevant tax provisions of Federal Inland Revenue Services which is the relevant tax Authority under Nigeria Tax Laws providing for mandatory deduction of statutory Withholding and Value Added Taxes on all contracts, except for such services and items exclusively exempted from VAT such as pharmaceutical drugs, food and water. No individual, institution or group has the express power to waive or exempt any contract from tax liability, hence the tax exemption granted in this transaction is not tenable.
- (ii) Only the sum of ~~₦~~12,160,000.00 instead of the total contract sum of ~~₦~~46,453,700.00 was subjected to Withholding and Value Added Tax deductions amounting to ~~₦~~1,737,142.86 as against ~~₦~~6,636,228.57 being the total VAT and WHT due on total contract sum resulting in undeducted statutory Value Added Tax and Withholding Taxes of ~~₦~~4,899,085.71 and loss of revenue of same amount to the Federal Government.
- (iii) Paying the sum of ~~₦~~34,293,600.00 free of tax to a consultant to administer a programme amount to abuse of public funds as the money paid is like a cash advance to a contract with no collateral provision for recoupment in the event of breach, and is not in tandem with Public Sector Accounting practice.

The Permanent Secretary has been requested to pay the sum of ~~₦~~4,899,085.71 to the Federal Inland Revenue Services representing Value Added and Withholding Taxes not deducted from the Consultancy Contract. Evidence of payment should be forwarded to me for verification.

- (f) A contract for the upgrade of Socio-Economic Data bank for the Niger Delta Region was awarded to a company vide letter of award of contract Ref. No MNDA/PROC/CAP/14/89/25 dated 3rd December, 2014 at a contract sum of ~~₦~~24,250,000.00 (Twenty-four million, two hundred and fifty thousand naira) with completion period of 4 weeks.

Examination of the payment voucher and its supporting documents revealed the following irregularities:-

- (i) The contract was directly awarded to the contractor without competitive bidding, and not in response to any advertisement as provided by Section 44(a) of the Public Procurement Act, 2007 which requires a Procuring entity to solicit for expressions of interest by publishing a notice to that effect in at least 2 (Two) National Newspapers and the Procurement Journal. The use of direct procurement in this contract on the excuse that the contractor had earlier carried out an initial job on the subject, does not negate the need for competitive bidding

to allow for transparency and competitive pricing, hence the process of arriving at the contract price of ₦24,250,000.00 (Twenty-four million, two hundred and fifty thousand naira) cannot be said to be fair and in public interest.

- (ii) The 12 (Twelve) Desktop computers supplied as per Delivery Note were not taken on ledger charge before being installed in the user Department. This depicts poor control in the process of receipt and issuance of stores.
- (iii) From the Delivery Note and subsequent verification carried out, the computers supplied for the upgrade were not subjected to the inspection and verification of both the Store Officer and Stock Verifier to ascertain whether they were supplied according to required quantity and specification before installation as it was only the ICT officer, that signed and took delivery of the computers. This lapse portends absence of internal check.

The Permanent Secretary has been requested to justify this breach in the process of award and payment of contract.

(h) The Ministry hand no Fixed Assets Register in place to record her various Non-Current Assets such as Motor vehicles, Office Equipments, Furniture and Fittings and to show such relevant information as their costs, dates of acquisitions, location, identification number and others. Non maintenance of Fixed Assets Register to record the Non-Current Assets of any public organization exposes Government assets to risk of pilferage and possible diversion to private use without being detected.

The Permanent Secretary has been requested to compile and forward the Fixed Assets Register to my Office for audit verification.

(i) A sample of schedules for deduction of Withholding and Value Added Taxes showed that the sum of ₦1,848,838,533.64 (One billion, eight hundred and forty-eight million, eight hundred and thirty-eight thousand, five hundred and thirty-three naira, sixty-four kobo) was generated during the period under review while the supporting receipts of remittance from Federal Inland Revenue Services amounted to ₦148,114,444.86 (One hundred and forty-eight million, one hundred and fourteen thousand, four hundred and forty-four naira, eighty-six kobo). The difference of ₦1,700,724,088.78 (One billion, seven hundred million, seven hundred and twenty-four thousand, eighty-eight naira, seventy-eight kobo) represents Withholding and Value Added Taxes generated but not supported with evidence of remittance from the Federal Inland Revenue Service.

The Permanent Secretary has been requested to produce relevant remittance receipts from FIRS for verification.

The above observations have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. AUD/AIR/MOND/3/16 dated 29th August, 2016 and his response is still being expected.

PUBLIC SERVICE INSTITUTE OF NIGERIA (PSIN)

3.25 At the Public Service Institute of Nigeria, Abuja the following observations were made:-

(a) The purchase of motor vehicles for the sum of ~~₦~~29,645,000.00 (Twenty-nine million, six hundred and forty-five thousand naira) from a company was not captured in the Appropriation Acts 2015.

The Institute awarded the contract of supply and paid from programme account which was the revenue Account of the Institute. Again, there was no evidence of approval from the Head of service which further gave credence to the fact that the expenditure was not appropriated. It is equally imperative to note that the contract did not observe due process as there was no evidence of competitiveness in the process of award. The contract agreement was not dated. The prices at which the vehicles were purchased were outrageous compared to what obtains in motor market.

The Administrator was requested to provide for audit verification the reason(s) why the sum of ~~₦~~29,645,000.00 (Twenty-nine million, six hundred and forty-five thousand naira) unappropriated was approved and paid without recourse to authorization. The reason for ignoring due process and paying such amount from revenue account which should have been remitted to the coffers of the government without approval should be provided.

(b) Audit examination of some payment vouchers revealed that the institute paid the sum of ~~₦~~26,701,250.00 (Twenty-six million, seven hundred and one thousand, two hundred and fifty naira) to 4 (Four) contractors in the following manner.

(i) The payment of ~~₦~~9,976,000.00 (Nine million, nine hundred and seventy-six thousand naira) was made from Revenue generated by the institute through Training programme which it had no authorization to utilize.

(ii) The payment of ~~₦~~16,725,250.00 (Sixteen million, seven hundred and twenty-five thousand, two hundred and fifty naira) was made from capital vote but capital Appropriation for the Institute for 2014 showed that none of contract works carried was provided for in the Estimate and consequent releases.

(iii) There was no evidence that due process was followed in the execution of the contracts.

(iv) The contract agreements were not dated to indicate the period of contract.

(v) Physical verification showed that no furniture was supplied to the syndicate building as claimed. What was seen were old chairs and tables as at the time of audit in April, 2015.

(vi) There was no evidence of renovation of the syndicate building as claimed.

(vii) All contract agreements attached to vouchers were not explicit as to the workmanship of the contract therefore making the contract doubtful as references were made to quotations that did not exist.

In view of these anomalies, the Administrator was requested to advance reason(s) for using revenue fund to execute contract without authorization. Again, provide the source of ₦16,725,250.00 (Sixteen million, seven hundred and twenty-five thousand, two hundred and fifty naira) used for contract of works in the Institute for audit verification as the capital appropriations for 2014 did not provide for the works. Explain the reason(s) why payment was made for goods not supplied to Government contrary to the provisions of Financial Regulation 3104.

(c) Similarly, audit checks revealed that the Institute paid the sum of ₦37,406,915.00 (Thirty-seven million, four hundred and six thousand, nine hundred and fifteen naira) for establishment of Digital Classroom at the Institute between September, 2013 and July, 2014. Audit examination of the document attached to the 4 (Four) payment vouchers revealed that the Institute awarded initial contract at the sum of ₦28,973,173.00 (Twenty-eight million, nine hundred and seventy-three thousand, one hundred and seventy-three naira) to the same company for establishment of fully equipped 50 seater capacity Digital Classroom at the Institute. It was noted that the payment was split into three ₦14,486,587.50, ₦13,037,908.75 and ₦1,448,658.00. All totaling ₦28,973,155.00 (Twenty-eight million, nine hundred and seventy-three thousand, one hundred and fifty-five naira).

However, on 23rd of April, 2014 the Institute awarded contract for establishment of additional fully equipped 20 seater capacity Digital Classroom to the same Konnectronics for the sum of ₦9,703,760.00 (Nine million, seven hundred and three thousand, seven hundred and sixty naira) against the objection of officer in charge of ICT (Head ICT) that the contractor supplied fake and substandard products that were capable of crashing the whole system in the Digital Classroom. The Legal Adviser advised that the contractor be paid ₦8,382,760.00 (Eight million, three hundred and eighty-two thousand, seven hundred and sixty naira) when the contract should have been vitiated for non-performance and moreso, the sum of ₦8,433,760.00 (Eight million, four hundred and thirty-three thousand, seven hundred and sixty naira) was paid, that is ₦51,000.00 (Fifty-one thousand naira) was paid above the Legal advisers' recommendation. The Administrator was requested to explain the irregularities that surrounded the whole transactions and offer reason(s) for accepting fake and sub-standard products as against genuine products from the contractor.

(d) Audit examination of two payments of ₦9,791,898.00 (Nine million, seven hundred and ninety-one thousand, eight hundred and ninety-eight naira) and ₦9,136,266.00 (Nine million, one hundred and thirty-six thousand, two hundred and sixty-six naira) both for renovation and upgrading of Yayale Ahmed Building 2nd floor left and right wings totaling ₦18,928,164.00 (Eighteen million, nine hundred and twenty-eight thousand, one hundred and sixty-four naira) was paid to two contractors. Scrutiny of the documents attached to the payment vouchers revealed that the payments were made from Heads and Sub-head different from the work claimed to have been executed as the works were not accommodated in the approved Estimate of Capital Vote 2014. It was equally noted that the contract award did not follow due process as there were no quotations, tendering and bid opening and no-objection

approval was granted from Bureau of Public Procurement as required by Procurement Act, 2007. Also, virement approval was not sought and obtained from the National Assembly before embarking on the project. The contract agreements were not dated as required by law.

When was the building constructed that those particular wings needed the renovation that gulped the sum of ₦18,928,164.00 (Eighteen million, nine hundred and twenty-eight thousand, one hundred and sixty-four naira) and what was the urgency that the Institute could not wait for budgetary approval to be given before embarking on the job?. What happened to the items appropriated for which the money was diverted to renovation of Yayale Ahmed's Building 2nd floor? What happened to development of sporting facility and rehabilitation of staff quarters' budgeted and approved?

In view of this, the Administrator should explain the reason(s) for diverting funds appropriated for specific projects to the ones that please him. Produce for audit verification Virement Warrant from National Assembly before diversion of the fund. Also, forward for audit verification, the Tender documents that led to the award of the renovation contract to the tune of ₦18,928,164.00 (Eighteen million, nine hundred and twenty-eight thousand, one hundred and sixty-four naira), the reason(s) why the contract agreement was not dated and why was the contract was split to circumvent the approval threshold of the Administrator.

(e) It was discovered that the sum of ₦29,256,892.39 (Twenty-nine million, two hundred and fifty-six thousand, eight hundred and ninety-two naira, thirty-nine kobo) paid to 2 (Two) contractors but not captured in the Appropriation Acts 2014. Where did Public Service Institute of Nigeria get the money to carry out the works? There was no evidence that due process was followed in the award, execution and payment for the contract. It was noted that the contract Agreements attached were not dated to determine the timeline for the contract.

The Administrator should forward for audit verification the authority for the award of the contract and source of fund for the payment and the virement warrant approved to that effect. State reason(s) for not following due process in award of contract.

(f) Examination of the payment of ₦7,990,000.00 (Seven million, nine hundred and ninety thousand naira) dated 17/12/2013 made for construction of 2nd Gate amounting to ₦9,980,116.00 (Nine million, nine hundred and eighty thousand, one hundred and sixteen naira) dated 30/12/2014 totalling ₦17,970,116.00 (Seventeen million, nine hundred and seventy thousand, one hundred and sixteen naira). The documents attached and physical inspection of the concerned project revealed that:

- (i) There was no approval from the Tenders Board for the award of the contract for the construction of 2nd Gate as required by the Public Procurement Act.
- (ii) Bill of Quantity, other documents and construction breakdown designs (architectural, structural, electrical and mechanical designs) that lay credence to the contract of construction were not attached.

- (iii) No contract agreement for the construction was attached and the renovation contract was not dated. Hence, the time frame cannot be determined.
- (iv) Physical inspection of the project revealed that poor quality of work was carried out by the contract in 2013 resulting in renovation in less than one year of its life span.
- (v) The company who was award the renovation contract for the sum of ~~₦~~9,980,116.00 (Nine million, nine hundred and eighty thousand, one hundred and sixteen naira) was not a registered business entity contrary to the provision of Public Procurement Act, 2007.

It will be very difficult to accept the cost expended on renovation of the newly constructed 2nd Gate as a legitimate charge on the taxpayers money. Also, when was other 2 (Two) outlets (Police post and fire Service building) constructed that warrant renovation of such magnitude in 2014, as there was no evidence of renovation during the inspection of the facilities, the Administrator is hereby requested to explain the infractions of the contracts, total neglect to due process and why payment for contract of renovation was made without visible evidence of discharge.

- (i) Audit examination of payment vouchers indicated that the Institute paid ~~₦~~8,249,400.00 (Eight million, two hundred and forty-nine thousand, four hundred naira) in 3 (Three) payment vouchers to a company for purchase of computer software.
- (ii) The of ~~₦~~1,989,000.00 (One million, nine hundred and eighty-nine thousand naira) paid for 78 volume windows 7 (Prof) multi-users and ~~₦~~2,030,000.00 (Two million, thirty thousand naira) for 70 Microsoft Office multi-users software are very absurd as multi-user software can be installed for as many computer systems as may be indicated in the manual.
- (iii) The payment of ~~₦~~3,498,500.00 (Three million, four hundred and ninety-eight thousand, five hundred naira) meant to purchase computer software was used to acquire hardware components and the date on cash receipt and why bill was altered to reflect the same date on other documents.
- (iv) There was no evidence of due process as documents that should have served as guide for Tender Board members were not attached in the contract of ~~₦~~3,498,500.00 (Three million, four hundred and ninety-eight thousand, five hundred naira) and ~~₦~~2,440,900.00 (Two million, four hundred and forty thousand, nine hundred naira). Quotations leading to letter of award was not attached.
- (v) The computer accessories like laptop power packed and laptop bags which are embedded in the laptop total package were listed separately and outrageous cost allocated.
- (vi) The SIV attached to the voucher for the contract sums of ~~₦~~2,310,000.00 (Two million, three hundred and ten thousand naira) and ~~₦~~3,498,500.00 (Three million, four hundred and ninety-eight thousand, five hundred naira) indicated

that the non-consumable items are for immediate use contrary to the provisions of Financial Regulation.

The Administrator was requested to explain the complications surrounding the entire transactions, otherwise refund the above stated sum back to government coffers.

(g) The supply of 30 units of Laptop computers for the total sum of ~~₦4,800,000.00~~ (Four million, eight hundred thousand naira) (equivalent to ~~₦160,000.00~~ each tax inclusive) to a company was audited and discovered that:

- (i) Contract was not executed until 6/3/2012 as against one week stated in the 'undated' contract agreement but request for payment was made on 29/12/2011.
- (ii) The quotation leading to the letter of award where system configuration and specification would be stated was not provided for audit verification.
- (iii) The contract process as stipulated in Financial Regulation was grossly violated.

The Administrator was requested to explain why due process was not followed in the award of contract as stated in Financial Regulation 2919 (a-j), also why the contract was not terminated and re-awarded when it was not executed within one week agreed upon.

(h) The payments of ~~₦4,600,000.00~~ (Four million, six hundred thousand naira) and ~~₦2,489,630.00~~ (Two million, four hundred and eighty-nine thousand, six hundred and thirty naira) for the award of contracts for the supply of Samsung Galaxy Note Book, Hp Laptop, Android phone and supply of Blade Server respectively awarded to a company were examined and the following anomalies were observed:-

- (i) The agreement attached was not dated hence, the execution period relating to life span of eight days and four weeks respectively, of the contract cannot be determined.
- (ii) The quotation leading to the award of contract which should indicate the breakdown of price of each item was not attached.
- (iii) No evidence of execution of contract valued at ~~₦2,489,630.00~~ (Two million, four hundred and eighty-nine thousand, six hundred and thirty naira) as SRV indicating store receipt and cash invoice form the contractor were not attached.

In view of the above analyzed irregularities, the contracts appear to have been fictitiously awarded and the expenditure cannot be accepted as legitimate charge against tax payers money.

(i) The payment of ~~₦2,499,182.00~~ (Two million four hundred and ninety-nine thousand, one hundred and eighty-two naira) on contract awarded to an Engineering company for rectification of power supply faults to the library of the Institute appear not to have been executed as awarded. Audit physical inspection to the Library and the affected areas in April 2015 revealed that the entire affected arrears have not power

supply for some years now which as a result, the e-library procured for the advancement of the Institute's mandates has not been in use. Therefore, the claim is grossly unaccepted as Financial Regulation 3109 is very much relevant in this regard.

The Administrator is requested to offer credible explanations.

(j) The payment of ~~₦~~4,930,320.00 (Four million, nine hundred and thirty thousand, three hundred and twenty naira) on extension of Local Area Network (LAN) of the Institute to a company dated 13/12/2012 revealed that, the object of the contract is very ambiguous, extension LAN from where to where, materials used, which should have been stated in the quotation leading to the award of contract, unknown? The procedure of awarding contract explicitly stated in the Financial Regulation was not observed.

It is a punishable offence in the Public Procurement Act, 2007 to award contract to a non-registered entity. The attached invoice was not detailed enough to give credence to the authenticity of the contract.

Provide the Memorandum and Article of Association of the Business Entity, Certificate of Registration with CAC and Income Tax Clearance. Also, provide the details of the contract regarding the extension of LAN, Bill of Quantity and the Quotations leading to the letter of award for audit verification.

(k) The payment of ~~₦~~5,724,590.00 (Five million, seven hundred and twenty-four thousand, five hundred and ninety naira) dated 30th December, 2013 to a construction company for the provision of catering services was found inconsistent and not genuine. The audit examination of the documents attached to the payment voucher indicated that:

- (i) The contract awarded did not follow due process as there was no bidding process as provided in the Public Procurement Act.
- (ii) The approval was above the threshold of the Administrator of the Institute.
- (iii) The contents of the contract were ambiguous. Catering services for 261 'unknown' participants of 'unknown' programme or event.
- (iv) Catering services contract awarded to a construction company is doubtful, as the contractor has no contractual capacity to provide such service. Hence, breach of 'Object Clause' of the Laws of Contract.
- (v) There was no evidence that the service was rendered as the Certificate of job completion was not attached before payment was made.

In view of these irregularities, the Administrator should produce the Article and Memorandum of Association of the company and forward for audit verification. The evidence that the contract was discharged as claimed should also be forwarded.

(l) Audit examination of the payments of ₦1,710,000.00 (One million, seven hundred and ten thousand naira) to staff for trainings in batches indicated that Duty Tour allowance and Transport fare was not calculated with the standard rate as provided in the Financial Regulation 1411. Provide the list of staff and their particulars on the basis for which the payments were made. Also, the details of the training undertaken, time, place and other necessary evidence to confirm that the training took place as claimed.

(m) The total sum of ₦17,928,000.00 (Seventeen million, nine hundred and twenty-eight thousand naira) was split and paid through 2 (Two) payment vouchers for the provision of catering service. Audit inspection however revealed that:

- (i) The contract award was split into 2 (Two) and awarded to the same contractor in a bid to circumvent the tender procedures and evade set monetary threshold of approval.
- (ii) The agreement attached in respect of the contract revealed some irregularities. Reference was made to the specification and quotation leading to the letter of award in the agreement but was not attached to the payment voucher for justification.
- (iii) The agreement attached to the payment vouchers has no appended seal to authenticate the transaction.

The Administrator was requested to provide reason(s) or justification for the splitting of the contract and other necessary information to accept this transaction as legitimate charge against public funds.

His response is still being awaited.

PART B: SECURITY SECTOR

MINISTRY OF DEFENCE HEADQUARTERS, ABUJA

3.26 During the audit examination of accounts and records of the Ministry of Defence Headquarters, Abuja, the following were observed:-

(a) Payment Voucher No. 5123 dated 30th December, 2014 was raised for payment of the sum of ~~₦~~5,210,441.00 (Five million, two hundred and ten thousand, four hundred and forty-one naira) to a contractor for the contract of repair works carried out at Ship House.

The following anomalies were observed:

- (i) There was no Job Completion Certificate issued by a competent professional on building and electrical matters for these repair works, except a document confirming the jobs done, issued by a Medical Doctor, which is however not acceptable.
- (ii) The contractor quoted and was paid the sum of ~~₦~~1,450,000.00 (One million four hundred and fifty thousand naira) for other General Materials and Miscellaneous expenses without details of the items bought and used.
- (iii) Physical inspection of the works was not consented to by the Chairman of the Committee on sanitation in violation of extant Rules and Regulation.

The Permanent Secretary has been requested to produce a proper Job completion certificate, details of miscellaneous expenses and access for inspection, otherwise, the total sum of ~~₦~~5,210,441.00 (Five million, two hundred and ten thousand, four hundred and forty-one naira) disbursed should be recovered, forwarding evidence of recovery for verification.

(b) |The sum of ~~₦~~15,437,040.00 (Fifteen million, four hundred and thirty- seven thousand, forty naira) was granted as personal advances to 15 numbers of staff for the purposes of rendering various services such as fuelling of vehicles, production of documents, purchases of office items and repair works in the office.

It was observed that the Ministry granted these Personal Advances above the benchmark of ~~₦~~200,000.00 (Two hundred thousand naira) stipulated by financial authority. Ref. No. TRY/A2&TB2/2009. OAGF/CAD/026/V of 24th March, 2009 which stipulates that “all Accounting Officers controlling expenditure are to ensure that all local procurement of stores and service costing above ~~₦~~200,000.00 shall be made through award of contract. The government suffered a loss of revenue totaling ~~₦~~1,543,704.00 (One million, five hundred and forty-three thousand, seven hundred and four naira) which could have accrued to government as 5% Withholding Tax (WHT) and Value Added Tax (VAT), respectively.

The Permanent Secretary has been requested to explain the continuous violation of the quoted circular and also comment on the loss of revenue to government.

(c) A contract for the production and supply of medals and ribbons for Independence Anniversary for the Armed Forces of Nigeria was awarded at a total contract sum of ~~₦968,830,000.00~~ (Nine hundred and sixty-eight million, eight hundred and thirty thousand naira). The entire contract sum had been paid in January. The sum ~~₦484,415,000.00~~ (Four hundred and eighty-four million, four hundred and fifteen thousand naira) was paid in 2010 representing 50% of the contract sum and the balance of ~~₦484,415,000.00~~ was paid on 26/01/2015 vide Payment Voucher No. 4001.

Further examination of the Payment Voucher attachments revealed the following irregularities:

- (i) There was no evidence of any Ministerial Tenders Board Meeting that considered this award, contrary to Financial Regulation 2921(i).
- (ii) The approval of the Permanent Secretary for the payment of the balance of ~~₦484,415,000.00~~ is above his approval thresh hold.
- (iii) There was no evidence of Federal Executive Council approval, together with the Bureau of Public Procurement 'No Objection Certificate.
- (iv) A memo, dated 24th April, 2013, raised by DD (Budget), had expressed misgivings about the way and manner the contract was awarded, further raising the doubt on the lack of transparency.
- (v) The items (ribbons and medals) were not taken on Store Charge because there was no Store Receipt Voucher produced, in violation of Financial Regulations 2401 (i).

The total sum of ~~₦968,830,000~~ paid in respect of this contract could not be admitted as a legitimate charge against public funds.

The Permanent Secretary has been requested to recover the sum of ~~₦968,830,000.00~~, forwarding evidence of recovery to this office for audit verification.

(d) The sum of ~~₦1,000,000,000.00~~ (One billion naira) being Overhead Cost transferred to the Chief of Naval Staff, Nigeria Navy, for 1st Quarter 2015, could not be traced into the Vote book, Cashbook and Bank Statement of the Ministry of Defence. The entry of this amount into the above mentioned books of accounts will make it easier to reconcile it with the monthly returns of expenditure rendered by the Nigeria Navy, showing expenditure, liabilities incurred and balance available, as stated in the Financial Regulation 406.

The Permanent Secretary had been requested to record this Overhead cost in the relevant accounting books, forwarding the evidence of expenditure for audit verification.

(e) The sum of ₦23,739,895.00 (Twenty three million, seven hundred and thirty-nine thousand, eight hundred and ninety-five naira) was paid to a staff for direct purchase of welfare items for members of staff for Easter Celebration. However, further audit examination revealed the following abnormalities:

- (i) The items purchased were not taken on Store Charge, contrary to Financial Regulation 2401(i) and (ii).
- (ii) There is no distribution list made available, showing how the items were shared to the various units and departments of the Ministry.
- (iii) There was no other evidence showing that the items were actually supplied to the Ministry.

The payment made was not in the interest of the staff welfare and therefore could not be a proper charge against public funds.

The Permanent Secretary has been requested to recover the amount under reference and forward evidence of recovery for audit verification.

(f) Similarly, the sum of ₦88,398,333.74 (Eighty-eight million, three hundred and ninety-eight thousand, three hundred and thirty-three naira, seventy-four kobo) was paid to the Deputy Director (Accounts), for National Defence Policy. The supporting documents in respect of this payment did not indicate the following:-

- (i) What the policy is all about.
- (ii) The components of expenditure that make up this payment.
- (iii) Evidence of Adherence to Public Procurement Act 2007.

The Permanent Secretary has been requested to explain (i-iii) above before this payment can be admitted as a proper charge against public funds, otherwise recover the sum under reference from the Officer in line with the Financial regulation 3106.

(g) Payment Voucher No. 5061 of 23rd November, 2015 for the sum of ₦11,900,000.00 (Eleven million, nine hundred thousand naira) was raised and paid in favour of the Director Planning, Research and Statistics for the conduct of a 3-day workshop targeted at Schedule Officers and prospective operators of the Freedom of Information Act (FOI) in the Ministry, Services and Agencies in December 2015 at New Chelsea Hotel Abuja.

Further audit scrutiny of this voucher revealed the following irregularities:

- (i) This payment was made directly to the officer and not as cash advance and hence was not properly accounted for after the completion of the assignment. This practice also resulted to a loss of ₦1,190,000 (One million, one hundred and ninety thousand naira) being 10% withholding tax due to the government, had this assignment been undertaken by a consultant.

- (ii) This expenditure is above the approval threshold of the Permanent Secretary and therefore a violation of the Secretary to the Government of the Federation Circular Ref. No. SGF/OP/!S.3.VIII/57 dated 11th March, 2009 on implementation of revised approval thresholds for service wide application which pegged the limit of approval of a Permanent Secretary on procurement of goods and services to a maximum of ₦5,000,000.00 (Five million naira) per time.
- (iii) A provision of ₦4,500,000.00 (Four million, five hundred thousand naira) was made by the payee for payment to 10 (Ten) resource persons at the rate of ₦150,000.00 (One hundred and fifty thousand naira) per day for three days. However, the details – name, designation, etc of these persons were not disclosed or evidence produced to show that the sum was actually disbursed to these resource persons.
- (iv) The following expenditures were unreceipted:

	₦
Tea break and lunch for participants	2,400,000.00
3 – day rental of Halls 2 (two)	2,250,000.00
Photo books	1,000,000.00
Honorarium for the Press (AIT, NTA & Print Media)	500,000.00
Production of 5 banner	100,000.00
Video Coverage	50,000.00
Photography	50,000.00
Logistic Supply	200,000.00

- (v) The attendance list of participants at the workshop was not produced for verification as evidence of their full participation in the workshop. In the light of the above, commensurate value could not have been obtained for this expenditure, which cannot be classified as a legitimate and proper charge against public funds.

The Permanent Secretary was asked to explain the anomalies (i-v) mentioned above and also produce the relevant supporting documents and to otherwise recover the sum of ₦11,900,000.00 forwarding evidence of recovery for audit verification.

- (h) During audit examination of Payment Vouchers for the period under review, it was observed that Payment Voucher No. 4001 of 2nd December, 2015 for the sum of ₦15,000,000.00 (Fifteen million naira) was prepared and paid in favour of a Brigadier General in respect of pre-deployment training for 244 BN earmarked for induction into the United Nations Hybrid Mission in Darfur (UNAMID).

A further scrutiny of the voucher revealed the following anomalies:

- (i) The payee claimed that 2 (two) consultants were engaged for the training and paid ₦7,500,000.00 (Seven million, five hundred thousand naira) each for delivery of lectures for the 2 days workshop. However it appears these consultants were deliberately chosen without any evidence of open competitive bidding and adherence to due process. This practice thus constitutes an abuse of due process, as this training was neither advertised, nor bided for and selection was not made from competing consultants.

- (ii) The sum of ₦1,200,000.00 (One million, two hundred thousand naira) paid as administrative cost to the consultants without any detail of expenditure is a duplication of payment in view of the consultancy fees.
- (iii) Whereas the payee acknowledged that the service was provided by the consultants, payment was not made in favour of the consultant, contrary to Financial Regulation 613 which provides that payments be made to the payee for service rendered and not through surrogates. This practice has therefore resulted in a loss of ₦1,500,000.00 (One million, five hundred thousand naira) being 10% tax deduction due to Government had this training being given out on contract to a consultant on competitive basis:
- (iv) There is no report and evidence of completion of training supported by attendance sheets signed by the participants to confirm their participation in the workshop.
- (v) There were no receipts acknowledging payments made to the consultants.
- (vi) The details of ₦6,000,000.00 (Six million naira) being cost of course material at the cost of ₦30,000.00 per participant for the 2 days were not provided.

Consequently, I was unable to confirm that this exercise was actually undertaken and that this expenditure constitutes a legitimate and proper charge against public funds.

The Permanent Secretary was asked to provide explanations on the above mentioned irregularities (i-vi) and also produce the supporting documents listed, otherwise to recover the sum of ₦15,000,000 in line with Financial Regulation 3106, forwarding evidence of recovery for verification.

(i) It was observed that Payment Voucher No. 4023 dated 30/12/15 for the sum of ₦57,465,048.62 (Fifty seven million, four hundred and sixty-five thousand, forty-eight naira, sixty-two kobo) was paid in favour of (PGSO-HMOD) being transfer of mopped up fund held at CBN Capital account to the officer to enable him pay outstanding debts due to staff that participated in the 2015 PSGO's Military Pension Verification exercise held in all the 36 States of the Federation from 6th – 20th October, 2015.

A schedule of transfer for 70 (Seventy) staff that participated in the pension verification exercise costing ₦57,465,048.62 was attached to the voucher.

However a further review of the voucher revealed the following irregularities.

- (i) An officer's name appeared 5 (Five) times on the payment schedule with amounts totaling ₦28,000,000 (Twenty-eight million naira) out of the total sum of ₦57,465,048.62 allegedly paid to him through five (5) different commercial bank accounts.
- (ii) In violation of the Government objective of promoting transparency and accountability in public fund management, the detailed component of this

expenditure was not attached to the voucher to authenticate these multiple payments. I cannot therefore confirm that the payments made to the officer constitute a legitimate charge against public funds.

- (iii) The total sum of ~~₦~~57,462,048.62 ought to have been transferred to the Military Pensions Board charged with the responsibility of managing Military Pensions via AIE (Authority to Incur Expenditure) for onward disbursement to various officers that participated in the verification exercise instead of the PGSO – HMOD and subsequently, monthly returns of expenditure would have been rendered, in consonance with Financial Regulation 406.

The Permanent Secretary was asked to explain these irregularities (i-iii) mentioned above, especially the reasons for the multiple payments to one officer, otherwise to recover the sum of ~~₦~~57,461,048.62 in line with Financial Regulation 3106 and relevant particulars of recovery forwarded for verification.

- (j) The sum of ~~₦~~375,783,165.20 (Three hundred and seventy-five million, seven hundred and eighty-three thousand, one hundred and sixty-five naira, twenty kobo) was paid through Payment Voucher No. 1008 of December, 2015 in favour of the AD (Accts) 3rd Div Jos and 18 others being funds transfer to the Units for the payment of 2011 and 2012 promotion arrears of staff of various Units.

A further Scrutiny of the voucher revealed that:

- (i) The beneficiaries details; Names, Rank, IPPIS Number, Bank account numbers, personnel file numbers, promotion letters, variation advice, payment schedules etc. were not attached or produced to authenticate these payments.
- (ii) Returns of Expenditure, including the cash books and vouchers in respect of these funds were not made available by the different Pay Units to the Ministry Headquarters. This practice contravenes Financial Regulation 407. which states that “when an Authority to Incur Expenditure (AIE) is issued by one Ministry, extra Ministerial office and other arms of Government to another, it will be the duty of the responsible officer in the receiving ministry or Department to maintain a vote book and forward a monthly returns of expenditure to the issuing Ministry/Department showing expenditure liabilities incurred and balance available. The monthly returns must be supported with copies of paid vouchers”.
- (iii) The non rendition of expenditure returns by the various Pay Units had made it difficult to confirm amounts for on-payment deductions and remittance of contributory pension, PAYE tax, National Health Insurance Fund, National Housing Fund etc. to the relevant authorities.

The Permanent Secretary was asked to explain the contravention of Financial Regulation, irregularities (i-iii) mentioned above, and also produce the supporting documents requested, otherwise recover the amount under reference in line with Financial Regulation 3106 which considers the payment as irregular and forward evidence of recovery for verification.

(k) Various expenditures totaling ~~N~~48,351,182.00 (Forty-eight million, three hundred and fifty-one thousand, one hundred and eighty-two naira) were deliberately misclassified to different votes other than those provided for such expenditure in the approved estimate.

This practice which constitutes misclassification of funds and unauthorized Virement of fund without issuance of Virement warrant from the Honorable Minister of Finance on approval by the National Assembly is contrary to Financial Regulation 417 which states that "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".

Beside, Financial Regulation Provision 316 (iv) requires that all application for virement shall be collated by the Minister of Finance and submitted to the National Assembly for approval before virement warrant is issued. As a result, I am unable to accept these payments as legitimate and proper charges against public funds.

The Permanent Secretary was asked to comment on the infractions of the Financial Regulations and also to produce the Virement Warrant issued by the Honourable Minister of Finance on approval or the National Assembly.

(l) The sum of ~~N~~65,549,020.00 (Sixty-five million, five hundred and forty-nine thousand, twenty naira) was granted as advances to 19 officers of the Ministry for the purposes of rendering services such as printing of treasury form, purchase of welfare items, replacement of window blinds etc.

However, it was observed that the Ministry had granted those advances above the benchmark of ~~N~~200,000.00 stipulated in the Treasury Circular Ref No.TRY/A2 & TB2/2009 OAGF/CAD/026/V of 24th March, 2009 which states that "all Accounting officers controlling expenditure are to ensure that all local procurement of stores and service costing above ~~N~~200,000.00 (Two hundred thousand naira) shall be made through Contract Award."

On account of this practice, the Government suffered an avoidable loss of ~~N~~6,554,902.00 (Six million, five hundred and fifty-four thousand, nine hundred and two naira) being 5% Withholding Tax and 5% Value Added Tax which would have accrued to the Government as tax revenue had these jobs been undertaken through contract award.

The Permanent Secretary was asked to explain the continuous violation of this Circular by the Ministry and also comment on the loss of Revenue due to the Government as a result of this practice.

(m) The sum of ~~N~~860,000.00 (Eight hundred and sixty thousand naira) was paid to an Officer (Senior Protocol Officer) on Payment Voucher No. 1048 of 16th September, 2015 being payment of DTA and fuelling cost to enable Permanent Secretary and his aides to travel to Kaduna on inspection visit to 44 Nigeria Army Referral Hospital from 27th – 28th August, 2015.

Further audit scrutiny of the attachments to the Payment Vouchers revealed the following irregularities:

- (i) While an approval for the journey was given on the 31st August, 2015, payment was made 2 weeks later on the 16th September, 2015, therefore this payment ought to be a refund of expenditure supported by all relevant receipts and documents to authenticate the expenditure since the payment is coming after the event had taken place.
- (ii) The sum of ₦125,000.00 (One hundred and twenty-five thousand naira) was allegedly incurred for the fuelling of 5 vehicles involved but fuelling receipts were not attached to authenticate this claim.
- (iii) Similarly the sum of ₦153,600 (One hundred and fifty-three thousand, six hundred naira) being 30% of DTA was paid for local running to the Permanent Secretary and his aides. This expenditure is irregular as fund had been made available for fuelling the vehicles and this ought to cover all local running during the visit.
- (iv) An additional sum of ₦60,000.00 (Sixty thousand naira) was paid to 2 undisclosed officers as transportation cost at ₦30,000.00 (Thirty thousand naira) each to Kaduna for the trip. The particulars of the officers were not disclosed.
- (v) The details: name, rank, bank account numbers of the five (5) drivers, three (3) orderly and four (4) Escorts to whom the sum of ₦288,000.00 (Two hundred and eighty-eight thousand naira) was paid as duty tour allowance for the journey was not provided, to enable me determine the appropriateness or otherwise of this payment.
- (vi) The total sum of ₦860,000.00 (Eight hundred and sixty thousand naira) was paid into the account of the payee possibly for onward disbursement to the other beneficiaries. This practice is a violation of the Federal Treasury Circular Ref. No. OAGF/CAD/026/VOLII/465 dated 22nd October, 2008 for implementation of e-payment provision 4(iii) which 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".

Consequently, I am unable to confirm that this expenditure constitutes a legitimate and proper charge against public funds and that appropriate value was derived.

The Permanent Secretary has been requested to address all the issues raised above. Otherwise, the sum of ₦860,000.00 should be recovered and paid back to chest, furnishing evidence of recovery for audit verification.

- (m) The sum of ₦4,999,760.00 (Four million, nine hundred and ninety-nine thousand, seven hundred and sixty naira) was paid to four (4) officers on Payment Voucher No. 1054 of 14th December, 2015 to enable them travel to Pakistan for a study visit.

However, further audit scrutiny revealed the following irregularities:

- (i) The officers were unable to obtain Visa to Pakistan and therefore sought and got approval to change the subject of approval to visit some Civilian Pay Units (CPU) across the nation with the expected cost standing at ₦4,999,760.00. The amount should have been paid back to treasury before seeking another approval for the visits to the various CPU across the nation. The initial approval of the sum of ₦4,999,760.00 meant for Estacode to Pakistan and charged to international training vote was used to finance the local tour thereby constituting unauthorized virement without the approval of the National Assembly.
- (ii) The details: Names, rank, bank account numbers etc. of the officers who allegedly undertook the assignments were not provided and there was no evidence of payment of entitlement to the other beneficiaries listed in the memo.
- (iii) The initial approval for the team to visit Pakistan was given on 14th December, 2015. However in order to prevent the money from lapsing and eventually being paid back to treasury at the end of the financial year, a second approval to convert the international tour to local tour and transport was sought and obtained on 29th December, 2015 without any evidence to show that the tour was undertaken within the financial year 2015. This is a contravention of Financial Regulation 415.
- (iv) A provision of the sum ₦208,560.00 (Two hundred and eight thousand, five hundred and sixty naira) was made for contingencies by the coordinator and, the purpose was not specified.

The circumstances surrounding these expenditures had rendered them as irregular payments in accordance with Financial Regulation 3106. As a result I am unable to confirm that this payment was a legitimate and proper charge against public funds.

The Permanent Secretary has been requested to explain the irregularities mentioned above, otherwise to recover and pay back to chest the full amount and particulars of recovery produced for audit verification.

- (o) A training programme for the sum of ₦16,140,000.00 (Sixteen million, one hundred and forty thousand naira) was split into 12 (Twelve) lots and awarded to 4 (Four) consultants to undertake at different venues towards the end of the year.

However, further audit scrutiny of the vouchers revealed the following:-

- (i) The contracts were split into smaller lots to prevent reference to the Ministerial Tender Board (MTB) for deliberation and approval.
- (ii) The contracts were not subjected to open competitive bidding as required by Financial Regulation 2921 which states that "Except as exempted under Procurement Act, all procurement of goods, works and service 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".

(iii) The attendance sheets signed by all of the officers who participated in the training were not attached to the vouchers to enable me determine the authenticity of this expenditure.

Consequently, I was unable to satisfy myself that these payments were legitimate and proper charges against public funds.

The Permanent Secretary has been asked to comment on these anomalies as well as produce all the relevant evidences for my examination. Otherwise, the sum of ₦16,140,000.00 should be recovered and paid into treasury and recovery particulars forwarded for audit verification.

All these observations were communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/D&SAD/MOD/AIR/VOL.III/25 of 2nd October, 2015. His responses are still being awaited, despite my reminder dated 8th July, 2016.

NIGERIA POLICE FORCE HEADQUARTERS, ABUJA

3.27 During the audit examination of transfer of funds from commercial banks to Treasury Single Account in the Central Bank of Nigeria in compliance with the Federal Government directives, it was observed that a sum of ₦1,493,248,244.27 (One billion, four hundred and ninety-three million, two hundred and forty-eight thousand, two hundred and forty-four naira, twenty-seven kobo) was transferred from the Headquarters Pool Account with a commercial bank, leaving the balance of ₦15,036,650.00 (Fifteen million, thirty-six thousand, six hundred and fifty naira) unremitted to Treasury Single Account (TSA).

The Inspector-General of Police has been requested to comply with the government directive on TSA and remit the balance of ₦15,036,650.00 (Fifteen million, thirty-six thousand, six hundred and fifty naira), forwarding the relevant Bank Statement for verification.

Nigeria Police Force, Imo State Police Command, Divisional Police Office, Mgbidi, Oru West LGA, Imo State

3.28 During the audit examination of accounting records maintained by the Divisional Police Office, Mgbidi, Oru West Local Government Area, Imo State, it was observed that the sum of ₦200,000.00 (Two hundred thousand naira) monetary exhibit and one Honda Shuttle (metallic brown in colour) with registration number TUA 231 AAA was said to have been transferred to Orlu Area Command as at 8th May, 2015. There was no evidence produced to confirm that the exhibits were actually transferred to Orlu Area Command.

The Inspector-General of Police has been requested to produce these exhibit items or valid evidence supporting the purported transfer to Orlu Area Command for further audit verification, otherwise initiate appropriate sanction against the erring officers.

Nigeria Police Force, Zone 8 Headquarters, Lokoja

3.29 During the audit examination of accounting records maintained by the Nigeria Police Force, Zone 8 Headquarters, Kogi State, the following were observed:-

(a) A Toyota Hilux Pick-up with registration number NPF 7489C, engine number 2TR 5204041 assigned to retired AIG was taken away by him when proceeding on his retirement from the Nigeria Police Force without following the necessary official procedure. Despite a letter of request for return of the vehicle referenced LB.4001/ZN.8/LKJ/Vol. I/136 and dated 11th November, 2015, written by the Zonal Transport Department, Zone 8, Lokoja, he still refused to return the vehicle.

The Inspector-General of Police has been asked to recover the vehicle from the retired AIG and produce it for physical audit verification.

(b) Eight (8) vehicles and three (3) motorcycles belonging to the Zone were disposed of through an auction sale. However, the purported auction sale was carried out without compliance with due process, transparency and accountability because of the following irregularities:

- (i) Board of Survey report was not produced.
- (ii) Bureau of Public Procurements procedure were not followed.
- (iii) Auctioneer's Sale Report was not produced.
- (iv) Auction sale receipts as evidence of revenue generated and how it was accounted for was not seen.
- (v) The vehicles and motorcycles appeared to have been under-valued considering the low prices recommended.
- (vi) The total proceeds of ~~N~~50,200.00 (Fifty thousand, two hundred naira) from the auction had not been paid to the treasury, seven months after the exercise, contrary to the provision of Financial Regulation 236 which stipulates that "Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to the CRF on or before the 15th of the month following the month of collection of the Revenue."

This non-adherence to due process was contrary to the provisions of Financial Regulations 2619, 2620 and 2964.

The Inspector-General of Police has been asked to request the Officer in charge to explain the flagrant disregard to the provisions of the Financial Regulations and produce items (i – vi) listed above for audit verification.

NIGERIA AIR FORCE (BASE SERVICE GROUP), MAKURDI, BENUE STATE

3.30 During the audit examination of accounts and records of the Nigeria Air Force (Base Service Group), Makurdi, Benue State, it was observed that 19 (Nineteen)

payment vouchers for amounts totaling ₦1,801,000.00 (One million, eight hundred and one thousand naira) were not produced for audit examination despite persistent request, contrary to Financial Regulations. Consequently, the sum of ₦1,801,000.00 paid cannot be accepted as a proper charge against public funds and should be recovered.

The Permanent Secretary has been requested to recover the sum of ₦1,801,000.00, forwarding evidence of recovery for audit verification. His response is being awaited.

NIGERIA SECURITY AND CIVIL DEFENCE CORPS HEADQUARTERS

3.31 During the audit examination of the accounting records maintained by the Nigeria Security and Civil Defence Corps Headquarters, Abuja, the following were observed:-

(a) Audit examination of Personnel Cost Cashbook, between January and December 2015, revealed variances in the monthly payment of salary. The variances were both in surplus and deficit and ranged from -1.31% to 7.68% between February and December 2015, using January 2015 payment as the base. It was worrisome that there was no authority, variation advise and variation control raised and maintained to support each month variation as stipulated in the Financial Regulations.

The Commandant-General has been requested to produce the authorities in the form of variation advices and variation control records for audit examination.

(b) The sum of ₦40,615,156.06 (Forty million, six hundred and fifteen thousand, one hundred and fifty-six naira, six kobo) was recorded into the Transcript as payments for the period under review whereas a corresponding entry of ₦27,939,956.06 (Twenty seven million, nine hundred and thirty-nine thousand, nine hundred and fifty-six naira, six kobo) was recorded in the Analysis Book, thus leaving a discrepancy of ₦17,054,800.00 (Seventeen million, fifty-four thousand, eight hundred naira) unaccounted for.

The Commandant-General has been requested to explain this discrepancy, withdraw the relevant Transcripts affected, reconcile the expenditures properly and forward the corrected version of the Transcripts for audit verification.

(c) Further audit scrutiny of the transcripts revealed that the Payment Vouchers raised at the Corps Headquarters, Abuja in the month of July 2015 for amounts totaling ₦41,331,000.00 (Forty-one million, three hundred and thirty-one thousand naira) were misclassified to other votes other than those provided in the approved Estimate, contrary to Financial Regulation 417 which states that "expenditure shall strictly be classified in accordance with the estimates, and votes must be applied only to the purposes to which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed.

It is therefore the duty of officer(s) controlling vote to ensure that expenditures incurred are authorized and Payment Vouchers are correctly classified as contained in approved Estimate. Furthermore, the Checking Section and the Internal Audit Unit amongst others are to ensure that expenditures are charged to appropriate votes as contained in the approved Estimate.

These payments totaling ~~₦~~41,331,000.00 (Forty one million, three hundred and thirty-one thousand naira) could not be accepted as legitimate charges against public funds.

The Commandant-General has been requested to explain and produce for audit verification, the approved Virement warrant authorizing this infraction of extant regulation, otherwise these payments totaling ~~₦~~41,331,000.00 will be regarded as irregular according to Financial Regulation 3106, to be recovered from the payees forwarding evidence of recovery for audit verification.

(d) Also, during the audit examination of the Personnel cost Cash book, it was observed that a total sum of ~~₦~~526,578,545.59 (Five hundred and twenty-six million five hundred and seventy-eight thousand five hundred and forty-five naira, fifty-nine kobo) was deducted as Pay as You Earn (PAYE) between January and December 2015.

However, the evidence of acknowledgement of receipt of the amount by FIRS was not produced for audit examination.

The Commandant-General has been requested to produce the evidence of the receipt of ~~₦~~526,458,545.59 by the Federal Inland Revenue Service (FIRS).

(e) During the examination of the Corps Revenue account maintained with a Bank during the period under review, it was observed that the account was debited to the tune of ~~₦~~3,070,000.00 (Three million, seventy thousand naira) for the payment of Garnishee Order between 2nd March and 4th April, 2015, without proper authorization and evidence of Court Order.

This practice contravenes Financial Regulation 213 (iii) which states that “on no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the Consolidated Revenue Fund.

The Commandant-General was asked to explain this contravention and also produce the Court Order(s) necessitating these payments or otherwise, recover the amount and pay back to treasury with evidence of remittance forwarded for audit verification.

(f) It was also observed that Value Added Tax totaling ~~₦~~2,110,605.00 (Two million, one hundred and ten thousand, six hundred and five naira) was remitted to the Federal Inland Revenue Service. However, receipts of acknowledgement of remittance for the sum of ~~₦~~1,700,605.00 (One million, seven hundred and thousand, six hundred and five naira) have been produced, while receipts for the balance of ~~₦~~410,000.00 (Four hundred and ten thousand naira) allegedly remitted to FIRS have not been produced as at the time of writing this report in October, 2015.

Similarly, a total sum of ₦3,321,693.40 (Three million, three hundred and twenty one thousand, six hundred and ninety-three naira, forty kobo) being Withholding Tax deductions from various contractors were remitted to the FIRS over the period under review. However, only acknowledgement receipts for the sum of ₦2,641,693.00 (Two million, six hundred and forty-one thousand, six hundred and ninety-three naira) issued by FIRS was produced for audit. The balance of ₦680,000.00 (Six hundred and eight thousand naira) allegedly remitted have no acknowledgement receipts for the payment made.

These practices are contrary to the VAT Act 102 of 1993 and Financial Regulation 234 (ii) which states that “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 the Federal Inland Revenue Service by any ministry/extra-ministerial department shall be recovered from the statutory allocation of that defaulting ministry/extra-ministerial office and other arms of government. Remittance shall be made not later than 21 days after deduction”.

The Commandant-General was asked to produce the acknowledgement receipts for outstanding Value Added Tax of ₦410,000.00 (Four hundred and ten thousand naira) and Withholding Tax of ₦680,000.00 (Six hundred and eight thousand naira), totaling ₦1,090,000.00 (One million, ninety thousand naira) allegedly remitted to the tax authority (FIRS), otherwise, the Commandant-General should be made to pay the said amount and the payment particulars forwarded for audit verification.

(g) A payment voucher with Departmental No. 48 dated 20th February, 2015 for ₦5,523,680.00 (Five million, five hundred and twenty-three thousand, six hundred and eighty naira) was raised to pay an Insurance Broker for the year 2014 insurance renewal premium of Nigeria Security & Civil Defence Corps.

Further audit scrutiny revealed the following:

- (i) The Payment Voucher with Departmental no. 48 was not produced.
- (ii) Copy of the insurance policy on generator was not produced.
- (iii) The schedule of the generator insured was not seen
- (iv) Evidence of the acknowledgement of the receipt of the payment was not seen.
- (v) Evidence that the Brokers remitted the sum of ₦5,523,680.00 to the insurance company was not seen.
- (vi) Renewal endorsement was not seen
- (vii) Appropriation to pay for the renewal of 2014 in year 2015 was not produced.
- (viii) There was no computation analysis on how the renewal premium of ₦5,523,680.00 was arrived at.
- (ix) The locations of the generators insured were not known.
- (x) Copy of the Tender Board minutes for the selection of the Brokers was not seen.

In view of the above mentioned irregularities, it will be difficult to accept this payment as a legitimate expenditure against public funds.

The Commandant-General has been requested to provide the above mentioned documents, otherwise, recover the sum of ₦5,523,680.00 from the Insurance Brokers and pay to chest, furnishing the treasury particulars for audit verification.

(h) A Payment Voucher with Departmental No. 49 for ₦6,578,120.00 (Six million, five hundred and seventy-eight thousand, one hundred and twenty naira) was raised and paid to an Insurance Broker for the renewal of insurance policy on NSCDC motor cycles.

Further audit scrutiny revealed the following:

- (i) The Payment Voucher with Departmental No. 49 was not produced.
- (ii) Copy of the insurance policy on motor cycles was not produced.
- (iii) The schedule of the motor cycles insured were not seen
- (iv) Evidence of the acknowledgement of the receipt of the payment by the Brokers was not seen.
- (v) Evidence that the Brokers remitted the sum of ₦6,578,120 to the insurance company was not seen.
- (vi) Renewal endorsement was not seen
- (vii) Appropriation to pay for the renewal of 2014 in year 2015 was not produced.
- (viii) There was no computation analysis on how the renewal premium of ₦6,578,120.00 was arrived at.
- (ix) The locations of the motor cycles insured were not known.
- (x) Copy of the Tender Board minutes for the selection of the Brokers was not seen.

In view of the above mentioned irregularities, it will be difficult to accept this payment as a legitimate expenditure against public funds.

The Commandant-General has been requested to provide the above mentioned documents, otherwise, recover the sum of ₦6,578,120.00 from the insurance Brokers and pay to chest, furnishing the treasury particulars for audit verification.

(i) A sum of ₦19,245,085.00 (Nineteen million, two hundred and forty-five thousand, eighty-five naira) was paid with a Departmental Payment Voucher No. 5493 dated 5th November, 2015 to an Insurance Broker.

Further audit scrutiny revealed the following irregularities:

- (i) Classes of the insurance were not stated.
- (ii) The Payment Voucher with a Departmental No. 5493 was not seen.
- (iii) The schedule of the properties insured was not given.
- (iv) The insurance policy was not produced.
- (v) The analysis of computation of the premium was not given.
- (vi) Evidence of the acknowledgement of the receipt of the sum of ₦19,245,085.00 by the Brokers was not seen.
- (vii) There was no evidence that the sum of ₦19,245,08.00 was remitted by the Brokers to the insurance company.

- (viii) Copy of the Tender Board minutes for the selection of the Insurance Brokers was not seen.

In view of the above mentioned irregularities, it will be difficult to accept this payment as a legitimate expenditure against public fund.

The Commandant-General has been requested to provide the above mentioned documents, otherwise, recover the sum of ₦19,245,085.00 from the insurance Brokers and pay to chest, furnishing me with the treasury particulars for audit verification.

- (j) A sum of ₦6,000,000.00 (Six million naira) was paid to an Insurance Broker vide Payment Voucher with Departmental No. 5494 dated 3rd November, 2015 for the renewal of insurance policy on NSCDC Assets nationwide .

Further audit scrutiny revealed the following anomalies:

- (i) The insurance policy was not produced.
- (ii) Evidence of the acknowledgement of the receipt of the sum of ₦6,000,000.00 by the brokers was not seen
- (iii) There was no evidence that the sum of ₦6,000,000.00 was remitted by the brokers to the insurance company.
- (iv) The schedule of all the assets insured was not seen
- (v) Copy of the Tender Board minutes for the selection of the Insurance Brokers was not seen.
- (vi) Renewal endorsement to the policy was not produced.

In view of the above mentioned irregularities, it will be difficult to accept this payment as a legitimate expenditure against public funds.

The Commandant-General has been requested to provide the above mentioned documents, otherwise, recover the sum of ₦6,000,000 from the Insurance Brokers and pay to chest, furnishing the treasury particulars for audit verification.

All these observations have been communicated to the Commandant-General through my Audit Inspection Reports Ref. Nos. OAuGF/D&SAD/NSCDC/AIR/VOL.I/15/16/17 dated 8th July 2016, 4th July 2016, 8th July, 2016 respectively and OAuGF/D&SAD/NSCDC/AIR/VOL.I/19 dated 15th August, 2016. Despite my reminder with Ref. No. OAuGF/D&SAD/NSCDC/AIR/VOL.1/94 and dated 26th August 2016, his responses are still being awaited.

Nigeria Security and Civil Defence Corps, Bauchi State Command

3.32 During the audit examination of the accounting records and documents maintained at the Nigeria Security and Civil Defence Corps, Bauchi State Command, the following were observed:-

- (a) The State Command failed to maintain a Vote Book for the control and monitoring of its expenditures. Consequently various amounts totaling 1,939,099.07 (One million, nine hundred and thirty-nine thousand, ninety-nine naira, seven kobo) allocated during the period under review were not posted into the Vote Book, contrary to Financial Regulation 402.

(b) Thirty-seven (37) payment vouchers for amounts totaling ₦1,666,050.00 (One million, six hundred and sixty-six thousand, fifty naira) were raised and paid without posting them into the Vote Book. They were also not pre-audited before payment and were not supported with vital documents such as receipts, invoices and Store Receipt Vouchers to authenticate the payments as required by the Financial Regulations. The above stated irregularities contravene Financial Regulation 605, 607 and 603. These payments cannot be admitted as proper charges against public funds.

The Commandant-General has been requested to explain the contraventions of Financial Regulations and also recover the sum of ₦1,666,050.00, forwarding evidence of recovery for audit verification.

(c) A G3 rifle with serial number 81-08197 and 30 rounds of ammunition was not seen physically as they were purported to have been taken away by the previous Commandant who was on posting to another command.

The Commandant-General has been requested to ensure that the Rifle and ammunition are returned back to the armoury as soon as possible and evidence of recovery produced for audit verification.

The above anomalies have been communicated to the Commandant-General through my Audit Inspection Report Ref. No. OAuGF/D&SAD/NSCDC/AIR/VOL.I/18 dated 12th August, 2016. His response is being awaited despite my reminder referenced OAuGF/D&SAD/NSCDC/AIR/VOL.1/19A and dated 26th August, 2016.

NIGERIA PRISONS SERVICE HEADQUARTERS, ABUJA

3.33 During the audit examination of the accounting records maintained by the Nigeria Prisons Service, Headquarters, Abuja, the following were observed:

(a) There were variances in the monthly payment of salary between January and December, 2015. The variances were both in surplus and deficit and ranged between -0.87% and 25.65% between February and December, 2015 using January 2015 payment as the base. The monthly variances are February (₦23,414,741.61), March (₦38,432,793.91), April (₦73,151,990.07), May (₦79,899,318.74), June (₦157,189,744.82), July ₦194,117,793.25, August (₦139,286,682.20), September (₦136,449,224.57), October ₦45,705,031.14, November ₦48,329,965.17 and December ₦543,796,370.88

It is worrisome that there was no authority for these variations in-terms of variation advices and variation control raised and maintained to support each month's variation as stipulated in Financial Regulations 1522 and 1523.

The Comptroller-General has been requested to produce the authorities for variations, variance advices and variation control records for audit examination.

(b) There was a balance of ₦5,000,000.00 (Five million naira) after the payment of December, 2015 salary but no evidence was produced to show that the unspent balance was paid back to chest in line with extant rule.

The Comptroller-General had been requested to produce the evidence of payment to chest of the unspent balance of ₦5,000,000.00 (Five million naira) for audit verification.

(c) It was observed a total sum of ₦2,089,658,471.24 (Two billion, eighty-nine million, six hundred and fifty-eight thousand, four hundred and seventy-one naira, twenty-four kobo) was deducted as Pay as You Earn (PAYE) between January and December 2015.

However, the evidence of acknowledgement of the receipt of the amount by the FIRS was not produced for audit examination.

The Comptroller-General has been requested to produce the evidence of the receipt of ₦2,089,658,471.24 by the Federal Inland Revenue Service for audit verification.

(d) A close look of the voucher revealed that a professional fee of ₦18,000,000 (Eighteen million naira) was part of the valuation consultancy fee of ₦19,800,000.00 (Nineteen million eight hundred thousand naira) that had been paid. It was unbelievable that an additional ₦1,800,000.00 (One million, eight hundred thousand naira) was added to cover Sundry Expenses on secretarial, logistics and transportation, accommodation and other expenses for the period of execution of the assignment. This is unacceptable and contravenes the provision of Financial Regulation 415 which stipulates that "The Federal Government requires all officer responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

The Comptroller-General has been requested to explain this irregular payment and also recover the sum of ₦1,800,000.00 (One million eight hundred thousand naira) and pay back to chest, furnishing me with the Treasury particulars for audit verification.

The Comptroller-General's response with Ref. No. NPS/PHQ.616/VOL.1/14 dated 26th July, 2016 did not give satisfactory answers to the audit queries after verification of the said response.

(e) A contract was awarded to a consultant at the contract sum of ₦19,800,000.00 (Nineteen million, eight hundred thousand naira). However, the normal 10% Withholding Tax for consultancy service was deducted but the 5% Value Added Tax (VAT) amounting to ₦990,000.00 (Nine hundred and ninety thousand naira) was not deducted.

The Comptroller-General had been hereby requested to recover the sum of ₦990,000.00 (Nine hundred and ninety thousand naira) from the consultant and pay same to Federal Inland Revenue Service (FIRS), forwarding the particulars for audit verification.

The Comptroller-General's response with Ref. No. NPS/PHQ.616/VOL.1/14 dated 26th July, 2016 did not give satisfactory answers to the audit queries after verification of the said response.

(f) The sum of ₦58,860,000.00 (Fifty-eight million, eight hundred and sixty thousand naira) was charged by an insurance broker as the Premium on Group Personal Accident insurance policy for the period 1/1/2016 – 31/12/16. This amount was approved for payment by the Comptroller-General of Prisons on 31st December, 2015.

Further audit scrutiny revealed the following anomalies:-

- (i) A part payment of ₦10,623,130.00 (Ten million, six hundred and twenty-three thousand, one hundred and thirty naira) was the only payment made on the new policy vide payment voucher No. 0177 dated 31/12/2015 contrary to Section 50(i) of the Insurance Act of 2003 which stipulates that “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 has been paid in advance” The law contemplates full payment before parties can be bound by the contract.
- (ii) The Group Personal Accident Insurance Policy was not produced for audit evaluation.
- (iii) There was no analysis of how the premium of ₦58,860,000.00 was arrived at.
- (iv) There was no receipt issued by the Brokers to acknowledge the receipt of ₦10,623,130.00 from the Nigerian Prisons Service.
- (v) There was no evidence that the Brokers remitted the sum of ₦10,623,130.00 to the insurer.

In view of the above mentioned anomalies, it is difficult to accept this payment as a legitimate expenditure against public funds. Consequently, the Comptroller-General has been requested to recover the sum of ₦10,623,130.00 from the Insurance Brokers and pay same to chest, forwarding the treasury particulars for audit verification.

The matters are under correspondence.

PENSION TRANSITIONAL ARRANGEMENT DIRECTORATE (PTAD)

3.34 During the audit examination of the accounts and records of the Pension Transitional Arrangement Directorate, Abuja, the following were observed:-

(a) In the 2014 Appropriation Act, a corporate organization that took over the Assets and Liabilities of defunct PHCN got an allocation of ₦14,000,000,000.00 (Fourteen billion naira) as Service Wide Vote (code 23050122). PTAD took over the

payment of Pension liabilities from the organization in September 2014 with an opening credit balance of ₦2,610,538,413.24 (Two billion, six hundred and ten million, five hundred and thirty-eight thousand, four hundred and thirteen naira, twenty-four kobo). Another sum of ₦3,750,000,000.00 (Three billion, seven hundred and fifty million naira) released for Pension in 4th Quarter 2014.

Between January and September 2015, other releases totaling ₦9,858,333,333.31 (Nine billion, eight hundred and fifty-eight million, three hundred and thirty-three thousand, three hundred and thirty-three naira, thirty-one kobo) were made, bringing the total amount to ₦16,228,871,746.55 (Sixteen billion, two hundred and twenty-eight million, eight hundred and seventy-one thousand, seven hundred and forty-six naira, fifty-five kobo).

The sum of ₦3,838,703,858.99 (Three billion, eight hundred and thirty-eight million, seven hundred and three thousand, eight hundred and fifty-eight naira, ninety nine kobo) was expended in the 4th Quarter of year 2014, while total expenditure from January – September 2015 was ₦8,849,354,289.52 (Eight billion eight hundred and forty-nine million three hundred and fifty-four thousand two hundred and eighty-nine naira, fifty-two kobo). Therefore, total expenditure from September 2014 - September 2015 was ₦12,688,058,148.40 (Twelve billion, six hundred and eighty-eight million, fifty-eight thousand, one hundred and forty-eight naira, forty kobo).

Total Inflows less total expenditure (₦16,228,871,746.55 – ₦12,688,038,148.40 gave a balance of ₦3,540,813,598.15).

The Director-General had been requested to account for the sum of ₦3,540,813,598.15 (Three billion, five hundred and forty million, eight hundred and thirteen thousand, five hundred and ninety-eight naira, fifteen kobo) with the following documents:

- (a) Bank Statements
- (b) Bank Reconciliation Statements
- (c) Vote Book
- (d) Payment Vouchers
- (e) Cash Books
- (f) Evidence of transfer to Treasury Single Account (TSA)

On 4th of July, 2016, he responded via letter with Ref No. PTAD/ADM/98.1 and after verifying his response, it was observed that he had not addressed the issues raised in the report by providing the afore-mentioned documents. Consequently the amount under reference ₦3,540,813,598.15 should be recovered and paid back to chest and evidence of recovery made available for audit verification.

(b) It was observed during the audit examination of CIPPO running cost Vouchers that a personal advance of ₦2,000,000.00 (Two million naira) was granted to a staff in cash, to rent a Hall on 21/07/2015, contrary to Federal Treasury Circular on e-payment Ref No.TRY/A8 & B8 OAGF/CAD/26/VOL.11/465 dated 22nd October, 2008 which states that money should be paid directly into the account of the beneficiary and on no account should cash be collected in the name of any officer for the purpose of disbursement to any contractor”.

Audit investigation also revealed that the market survey conducted in respect of hiring the hall used for the event venue was actually ₦900,000 (Nine hundred thousand naira) per day on working days and ₦1,000,000.00 (One million naira) on weekends and the standing rule operating at the event centre is that a down payment of 50% of the rental sum should be paid and not 80% as stated in the memo of request.

The Director-General was requested to explain this contravention of extant Financial Circulars relating to e-payment guideline while the over invoiced amount totaling ₦1,100,000.00 (i.e ₦2,000,000.00 - ₦900,000.00) paid to the staff should be recovered in accordance with the Financial Regulation 3106 and recovery particulars forwarded for audit verification.

His response dated 4th July, 2016 Ref No. PTAD/ADM/98.1 did not address the issues raised in the report and having failed to respond appropriately, the sum of ₦1,100,000.00 representing the over invoicing should be recovered.

(c) The examination of the accounting books and related records maintained at the Police Pension Department (PPD) revealed that two (2) contracts totaling ₦4,870,000.00 (Four million, eight hundred and seventy thousand naira) were irregularly awarded and did not go through due process during the year under review. The Companies were not issued any letter of award, Job order or LPO and there was no contractual agreement before commencing the job, contrary to the provisions of the Financial Regulations. The practice is sanction-able under Financial Regulation 3117(i) which recommends demotion and transfer of officer involved to another schedule for irregular contract award.

The Director General had been requested to explain why contracts were awarded without due process in violation of extant Financial Regulations and Public Procurement Act 2007 and to also initiate the sanction of officers involved, in accordance with Financial Regulation 3117(i), informing me of all actions taken.

In his response dated 4th of July, 2016, with Ref No. PTAD/ADM/98.1 it was discovered that the documents attached as award letters were not issued by the Procurement Officer of PTAD. The sanctions need to be applied as stated in the quoted Financial Regulation.

(d) Audit examination of Payment Vouchers of the Police Pension Department, revealed that an amount of ₦1,560,000.00 (One million, five hundred and sixty thousand naira) was paid to an officer for publicity of PTAD activities which was yet to be accounted for. There was no evidence to support the expenses incurred like invoices, acknowledgement receipts etc.

The Director General was requested to direct the officer involved to account for the amount by providing relevant documents for audit verification, otherwise to recover the sum of ₦1,560,000 in line with the Financial Regulation 3106 forwarding particulars for audit verification.

In his response dated 4th of July, 2016, with Ref. No. PTAD/ADM/98, the Director-General did not account for the money with relevant documents, therefore the amount under reference should be recovered and paid back to chest and evidence of payment forwarded for audit verification.

(e) It was also observed, during the audit examination of Payment Vouchers, that 3 (Three) consultancy service contracts for the design & implementation of document management system, corporate internal contract management system and corporate internal audit management system totaling ₦151,158,304.00 (One hundred and fifty-one million, one hundred and fifty-eight thousand three hundred and four naira) were awarded to three companies.

Further audit scrutiny reveals the following irregularities:

- (i) The details of the content of the three (3) consultancy service contracts were discovered to be duplicated as evidenced in the letter of award. The details of the consultancy service were just an exercise in repetitious semantics.
- (ii) 100% payments were made in disregard to procurement guidelines and Financial Regulations.
- (iii) Evidence of open competitive bidding was not seen, contrary to the Public Procurement Act 2007.
- (iv) Audit enquires made revealed that the consultancy services were not carried out.

In view of these irregularities, the total expenditure incurred amounting to ₦151,158,304.00 could not be accepted as legitimate charges against public funds.

The Director General has been requested to explain the various irregularities. Otherwise recover and pay back to chest the sum of ₦151,158,304.00 in accordance with Financial Regulation 3106, forwarding recovery particulars for audit verification.

(f) Furthermore, seven (7) Consultancy service contracts for amounts totaling ₦225,227,862.00 (Two hundred and twenty-five million, two hundred and twenty-seven thousand, eight hundred and sixty-two naira) were awarded to three companies during the nationwide pensioner verification exercise.

A total sum of ₦74,931,453.75 (Seventy-four million, nine hundred and thirty-one thousand, four hundred and fifty-three naira, seventy-five kobo) in respect of this exercise in South West, South East/South South, North East/North West Zone could not be accepted as legitimate charges against public funds because the details and supporting documents were not attached and in some cases the reason for the expenditures were spurious and duplicated. The areas affected include logistics, management/coordination, materials, native representation, DTA, food, accommodation, incidentals, health check, flight/taxi-fares, transportation etc.

The Director General has been requested to explain the various irregularities in these payments, and recover the sum of ₦74,931,453.75 (Seventy-four million, nine hundred and thirty-one thousand, four hundred and fifty-three naira, seventy-five kobo) and pay back to chest forwarding recovery particulars for audit verification.

(g) Two (2) consultancy service contracts for amounts totaling ₦72,785,212.50 were awarded to a consultant for the Design & Implementation of Pensioner Call Centre. The first contract was awarded in March 2015 at the sum of ₦43,091,212.50 (Forty-three million, ninety-one thousand two hundred and twelve naira, fifty kobo) and the contract sum was fully paid as shown in the Cash book. The Schedule of prices of goods and delivery indicates that the design has to do with the implementation of Information Technology software, equipment and professional charges.

Another consultancy service contract for the technical upgrade of Pension Call Centre System was awarded to the same consultant on the 3rd of August 2015 at a contract sum of ₦29,694,000.00 (Twenty-nine million, six hundred and ninety-four thousand naira) and payment was effected vide Departmental No. PTAD/TSA/142/15 dated 11th December 2015. The scope of this upgrade also involved the provision of software, training etc.

However, the following irregularities were observed:

- (i) The contract pertaining to IT software & implementations was split in favour of the same contractor to circumvent the Public Procurement Act 2007 and Financial Regulation 3116.
- (ii) Detailed study of the schedule of prices and delivery showed that two items i.e Training of Call Centre operational staff and core IT staff on front and back end operation of the centre amounting to ₦6,200,000.00 was repeated while the cost of training per head or unit and the duration of training were not stated for clarity.
- (iii) Six (6) months post deployment support amounting to ₦7,780,000.00 was paid twice in both instances.
- (iv) The professional charge was not detailed enough despite all the claims and charges on IT Software and equipment stated in the schedule of prices and delivery.
- (v) The purported Technical Upgrade of Call Centre was not subjected to competitive tender procedures as provided for in the Public Procurement Act 2007 and there was no complaint or request from user department warranting such technical upgrade that gulped ₦29,694,000.00.

The Director-General has been requested to explain the irregularities mentioned above, otherwise recover the total sum of ₦29,694,000.00 in consonance with Financial Regulation 3106, forwarding recovery particulars for audit verification.

(h) A contract for the renewal of Internet service for secondary link service provider was awarded to a contractor on the 14th August 2015 at a contract sum of ₦39,800,725.00 (Thirty-nine million, eight hundred thousand, seven hundred and twenty-five naira) inclusive of VAT to cover three (3) years period beginning 1st of November 201 to 31st of October 2018. Payment was effected vide Departmental Payment Voucher No. PTAD/TSA/025/15 dated 2nd November 2015.

Arising from the above are the following observations:-

- (i) Copy of acknowledgement receipts from the service provider is not attached to the payment vouchers to serve as evidence of payment.
- (ii) Annual support maintenance service which is an item of expenditure in the contract for three year period at the rate of ₦2,500,000.00 amounting to ₦7,500,000.00 was not supported with maintenance log book showing either monthly, quarterly or Annual expected appearances of the contractor.

The attention of the Director-General has been drawn to the short-comings observed, for corrective actions.

(i) A contract of consultancy services for the design and implementation of security risk assessment of the Civil Service pensioners verification centers in the South East and North East Zones was awarded on 29th October, 2015 to a private security firm, at a contract sum of ₦17,850,000.00 (Seventeen million, eight hundred and fifty thousand naira) and payment was effected on 30th December, 2015.

Arising from the above are the following irregularities:

- (i) Assessing risk is a service that is irrelevant and has no bearing to the business of providing actual security.
- (ii) It is on record that PTAD had carried out nationwide verification exercise on police pensioners, Customs, Immigration and Prison Pensioners in these states and zones without any incident or report or threat to lives of her personnel, equipment and the pensioners because police personnel were always on ground at the venue to provide the needed security.

In view of the irregularities mentioned above, the sum of ₦17,850,00.00 paid to this consultant could not be regarded as a legitimate charge against Public Funds.

The Director-General had been requested to explain all these anomalies or recover the sum of ₦17,850,00.00, forwarding evidence of recovery for audit verification.

(j) At the Central Accounts Department, a total sum of ₦1,058,332,799.76 (One billion, fifty-eight million, three hundred and thirty-two thousand, seven hundred and ninety-nine naira, seventy-six kobo) was spent on duplicated ICT consultancy contracts. These contracts have to do with PTAD Data Storage & Recovery System, Database Analysis & Management Control and Internet/Intranet & Communication Share Point Solutions.

Further audit examination revealed the following irregularities:

- (i) Some of these firms handled two or more of the same contracts using repetitive semantics.
- (ii) The contracts were not covered under the year 2014/2015 Appropriation Act of the National Assembly apart from the fact that the job scope, key benefits and functionalities of these contracts are similar.

- (iii) The manner in which the duplicated contract on PTAD Internet, Intranet and Communication Share Point Solutions were done lacks transparency and accountability.
- (iv) The duplicated contracts were 100% fully paid in disregard to Procurement Guidelines and Financial Regulations.
- (v) Audit evidence and enquiries made revealed that the contracts were not carried out or implemented.

In view of the above mentioned irregularities, the total sum of ~~₦~~1,058,332,799.81 could not be accepted as legitimate charges against public funds.

The Director-General has been requested to explain the various irregularities and recover the total sum of ~~₦~~1,058,332,799.81 back to chest, forwarding recovery particulars for audit verification.

- (k) A total sum of ~~₦~~97,003,807.60 (Ninety-seven million, three thousand, eight hundred and seven naira, sixty kobo) was paid to 6 (Six) companies for Police Pensioners Data Verification and the development of Project & Asset Management Policy Framework.

Further audit scrutiny revealed the following irregularities:

- (i) Evidence of open competitive bidding was not seen, contrary to Public Procurement Act 2007.
- (ii) The first payment of ~~₦~~48,705,150.00 was made after Police verification exercise had been concluded in February 2015.
- (iii) Audit enquiries confirmed that the second contract amounting to ~~₦~~48,298,657.60 was also not executed contrary to Financial Regulations 3104, 3105 and 3117.

In view of the above mentioned irregularities, the sum of ~~₦~~97,003,807.60 could not be accepted as legitimate charges against public funds.

The Director-General has been requested to explain the violations and also recover the sum of ~~₦~~97,003,807.60, forwarding recovery particulars for audit verification.

- (l) Various consultancy service contracts for amounts totaling ~~₦~~527,570,857.86 (Five hundred and twenty-seven million, five hundred and seventy thousand, eight hundred and fifty-seven naira, eighty-six kobo) were split and awarded to 6 (Six) companies.

Further audit examination revealed the following:

- (i) Complaints Management, Validation and Consolidation IT services were split into 3 (Three) contracts whereas a single software is capable of Managing Complaints, Validation and Consolidation.

- (ii) Pension Benefits Computation and Payment Analyzer were also given as if these are different software. The splitting of Pensioners Benefits Computation and Payment Analyzer as separate contract and awarded as such is a waste of public funds. Financial Regulation 3116 recommends that losses arising from contract splitting will be recovered or surcharged against defaulting officer
- (iii) This is a tactful means of circumventing the approval authority limit of the awarding body and thereby violates extant regulations and contract award in Public Service.
- (iv) The claimed Software system was not implemented and 100% payments fully made contrary to Financial Regulations 3104.
- (v) The purported technical upgrade of Complaints Management System and others were not subjected to competitive tendering procedure as provided for in the Public Procurement Act 2007.
- (vi) The funding was not covered by the 2014/2015 Appropriation Act.

The Director-General had been requested to explain above mention anomalies otherwise, recover the sum of ₦527,570,857.86 and evidence of recovery forwarded for audit verification.

(m) A consultancy service contract for Automated Benefits Computation training for stakeholders in Customs, Immigration & Prisons Pension Department (CIPPD) was awarded to a company on 17th November, 2015 at a contract sum of ₦24,560,550.00 (Twenty-four million, five hundred and sixty thousand, five hundred and fifty naira) and payment was effected through Departmental Voucher No. CIP/PEN/OCA/205/15 dated 21st December, 2015.

Further audit examination revealed the following irregularities:

- (i) The training on benefit computation was organized by CIPPD as in-house-training which took place at a Hotel in Wuse 2, Abuja and a Director from Salaries Income and Wages Commission and the Resident Federal Auditor were invited for presentation of papers and clarification on any disputed and conflicting issues. There was no presentation from the consultant or any of his representatives.
- (ii) The sum of ₦6,000,000.00 (Six million naira) paid to two (2) resource persons for two days covering accommodation, flights and honorarium at the rate of ₦1,500,000.00 is not tenable and appears fraudulent.
- (iii) The sum of ₦3,400,000.00 for logistics of consultant's project team was not detailed enough to be admitted as a proper charge against public funds.
- (iv) The sum of ₦3,000,000.00 spent on team building activities and logistics for excursion props and location costs is vague and wasteful.

- (v) Identification, engagement and remuneration of three rapporteurs and report writing amounting to ₦4,000,000.00 were not supported with receipt of acknowledgement from the beneficiaries and no report was submitted.
- (vi) Professional fees for coordination and implementation amounting to ₦3,051,000.00 was not received.

The total summation of irregular payments made amounted to ₦19,451,000.00 which cannot be regarded as legitimate charges against public funds.

The Director-General has been requested to recover the sum of ₦19,451,000.00 from the company, forwarding recovery particulars for audit verification.

(n) During the audit examination of Running Cost Payment Vouchers, it was observed that a cash advance of ₦2,000,000.00 (Two million naira) was granted to a staff for the rentage of Hall for verification debriefing exercise held on 22nd September, 2015 vide payment voucher No. CIP/PEN/OCA/125/15 dated 05/10/2015.

This is contrary to Federal Treasury Circular on e-payment Ref No. TRY/A8 & B8 OAGF/CAD/26/VOL.11/465 dated 22nd October, 2008 which states that money should be paid directly into the account of the beneficiary and on no account should cash be collected in the name of any officer for the purpose of disbursement to any contractor.”

Moreover, the venue for the debriefing exercise was not stated and there was no receipt of acknowledgement from the beneficiary.

The Director-General has been requested to explain the contravention of extant Financial Circulars relating to e-payment guideline and fully account for the amount totaling ₦2,000,000.00.

(o) During audit examination of payment vouchers at the Civil Service Pension Department, it was observed that two (2) payments vide PV No. EXP/OC/47/15 amounting to ₦23,771,400.00 (Twenty-three million, seven hundred and seventy-one thousand, four hundred naira) and PV No. EXP/OC/29/15 amounting to ₦24,445,400.00 (Twenty-four million, four hundred and forty-five thousand, four hundred naira) raised in the name of an officer and others were paid twice during the North West verification exercise.

Further audit scrutiny revealed the following irregularities:

- (i) Approval was given on t 23rd and 28th October 2015 and the double payment was entered into the Overhead Expenditure Cash Book on 30/10/2015 and 2/11/2015 respectively contrary to the provision of the Financial Regulation 1705.
- (ii) The payment was not subjected to pre-payment audit contrary to Financial Regulation 609(i) – (iii).
- (iii) Payments were not acknowledged by beneficiaries in violation of e-payment circular.

- (iv) Double payment for the same location i.e. North West Zone.

The Director-General has been requested to recover the total sum of ₦24,445,400.00 (Twenty-four million, four hundred and forty-five thousand, four hundred naira) paid to the officer as shown in the second voucher dated 30/10/2015, forwarding evidence of recovery for audit verification.

- (p) Two contracts for amounts totaling ₦17,876,677.00 (Seventeen million, eight hundred and seventy-six thousand, six hundred and seventy-seven naira) were irregularly awarded to a company without going through due process during the year under review.

Audit examination of the contracts reveals the following irregularities:

- (i) There was no contractual engagement before commencing the job contrary to Public Procurement Act 2007.
- (ii) Payments were not acknowledged by the beneficiary (contractor).
- (iii) One of the payments amounting to ₦16,776,677.00 is above the approval limit of the Director General.

In view of the above mention irregularities stated above, this expenditure cannot be accepted as legitimate charges against Public Funds sanctionable under Financial Regulation 3117(i).

The Director General has been requested to explain the awards without due process in violation of extant Financial Regulations and Public Procurement Act 2007 and to sanction the officers involved in accordance with the Financial Regulations, forwarding evidence of action taken for my information.

- (q) During the audit examination of the Pensioners files and death cases under the Civil Service Pension Department, it was observed that a contract was awarded to a company for the Extraction and Collation of Specific Data from 20,000 files at a contract sum of ₦22,088,175.00 (Twenty-two million, eighty-eight thousand, one hundred and seventy-five Naira). The first Payment was effected through PV No. EXP/OC/27/15 dated 30th October, 2015 for the sum of ₦11,942,175.00 while the contract was extended for another 9 days for another sum of ₦10,146,000.00 with an invoice No. TAL/INV/20151021/002 dated 21st October, 2015.

Further audit scrutiny revealed the following irregularities:

- (i) Payment Voucher No. EXP/OC/27/15 dated 30th October, 2015 for ₦11,942,175.00 was raised without letter of award and there was no acceptance letter from the contractor nor minutes of the Tenders' Board.
- (ii) Audit enquiries revealed that the job was not executed.

In view of these irregularities, the expenditure cannot be accepted as legitimate charges against public funds.

The Director-General has therefore been requested to recover the sum of ₦22,088,175.00 while the officials involved in these lapses should be sanctioned appropriately and evidence of recovery forwarded for audit verification.

These anomalies have been communicated to the Director-General/Executive Secretary through my Audit Inspection Report Ref. No. OAuGF/D&SAD/PTAD/AIR/VOIL.1/17 dated 4th August, 2016 and his response is still being awaited.

MINISTRY OF POLICE AFFAIRS, ABUJA

3.35 During the audit examination of accounting books and records maintained by the Ministry of Police Affairs, Abuja, the following were observed:-

(a) One commercial bank failed to transfer the sum of ₦110,451,534.83 (One hundred and ten million, four hundred and fifty-one thousand, five hundred and thirty-four naira, eighty-three kobo) credit balance in the ministry's account to the Treasury Single Account (TSA) contrary to Federal Government Circular Ref No. HCSF/428/S.1/120 dated 7th August, 2015 on the Service Wide introduction of Treasury Single Account (TSA), and Federal Treasury Circulars Ref No: TRY/A7 & B7/2015 OAGF/CAD/026/V.II/240 dated 5th October, 2015 which states "Following the expiration of the September, 15th 2015 deadline for all Federal MDAs to comply with 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 Commercial Banks by MDAs would have been closed and balances transferred to the Central Bank of Nigeria (CBN)."

The Permanent Secretary has been requested to explain the infraction and confirm that the sum of ₦110,451,534.83 has been remitted to Treasury Single Account in Central Bank of Nigeria, forwarding remittance particulars for audit verification.

(c) The Ministry opened two (2) Bank accounts with commercial banks in respect of Police Reform Fund. The two bank accounts are for "Building and Renovation" and "Equipment Account".

The Ministry had neither prepared nor presented Bank Reconciliation Statements for these two (2) accounts from January to December 2015, as at the time of audit inspection in March 2016. This contravenes Financial Regulation 806 which states that "Where a Bank account is maintained, a Bank Reconciliation Statement and certified bank statement as at last business day of the month must be prepared and attached to the Cash book". Financial Regulation 3121 also stipulates surcharge due to losses emanating from non-preparation of Bank Reconciliation Statement.

The Permanent Secretary has been requested to prepare the Bank Reconciliation Statements in consonance with extant rules and forward copies for audit verification.

(d) Eight (8) payment vouchers under the Police Reform Fund for amounts totaling ₦698,532,742.54 (Six hundred and ninety-eight million, five hundred and thirty two thousand, seven hundred and forty-two naira, fifty-four kobo) were raised and paid to various contractors for the procurement of different types of vehicles, ninety-two (92) stand-alone Solar street lights and other services between April and July, 2015.

Further audit scrutiny of the payment vouchers revealed that relevant supporting documents were not attached for audit examination.

This act contravenes Financial Regulation 603 which states that “All Vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them to be checked without reference to any other document and will invariably be supported by relevant documents such as Local Purchase Orders, Invoices, special letters of authority, time sheets”. Efforts made to access some of the contract files with relevant supporting documents failed despite the letter requesting for the files and a reminder issued in March 2016.

In the absence of these documents, the expenditures cannot be accepted as a legitimate charges against public funds.

The Permanent Secretary has been requested to produce the supporting documents or recover the sum of ₦698,532,742.54, forwarding treasury particulars for audit verification.

(e) Withholding Taxes (WHT) totaling ₦142,802,816.27 (One hundred and forty-two million, eight hundred and two thousand, eight hundred and sixteen naira, twenty-seven kobo) and Value Added Taxes (VAT) totaling ₦249,136,180.20 (Two hundred and forty-nine million, one hundred and thirty-six thousand, one hundred and eighty naira, twenty kobo) were deducted from payments made in respect of building/renovation works and procurement of Police equipment but there was no acknowledgement of their remittance by the Federal Inland Revenue Service.

The Permanent Secretary has been requested to forward evidence of the acknowledgement of the receipt of WHT totaling ₦142,802,816.27 and VAT totaling ₦249,136,180.20 by FIRS in order to complete the revenue accountability process.

(f) Two training contracts on Terrorism Operation and Special Weapons/Tactics (SWAT) were awarded to contractors for contract amounts totaling ₦644,328,185.12 (Six hundred and forty-four million, three hundred and twenty-eight thousand, one hundred and eighty-five naira, twelve kobo).

The following irregularities were revealed:

(i) Article 3 of the Agreement made a provision for payments on presentation of programme of activities, without insisting on completion or part payment.

- (ii) 100% advance payment of the contract sum totaling ~~₦~~644,328,185.12 were made without any Performance Bond, contrary to the Procurement Act and Financial Regulation 2934 which provides for presentation of Performance Guarantee Bond and not more than 15% advance payment.
- (iii) Signed attendance list of the course participants and certificates of attendance as evidence that the training actually took place could not be produced.
- (iv) The contract sums were above the approval limit of the Ministry as stipulated in Federal Government Circular Ref No. SGF/OP/1/S.3/VII/5/11/3/2009, which limits the approval of the Ministerial Tender Board to less than ~~₦~~100,000,000.00 (One hundred million naira) for procurement of services. No Federal Executive Council's approval or Mr. President's approval was made available.

The Permanent Secretary has been requested to comment and produce all relevant documents for audit verification, otherwise recover the sum of ~~₦~~644,328,185.12 paid to the contractor from the officer who made the payment in line with Financial Regulation 3104(ii), as this cannot be accepted as a proper charge against public funds.

- (g) Examination of payment vouchers in respect of payments made on Terrorism Operation and Special Weapons Tactics training, revealed that the total sum of ~~₦~~65,940,600.00 was paid directly to one officer of the Ministry for training courses.

Further audit scrutiny revealed the following abnormalities:-

- (i) Acknowledgement for the amounts paid to the trainees totaling ~~₦~~30,000,000.00 (Thirty million naira) being course allowances for the participants and another sum of ~~₦~~10,460,800.00 (Ten million, four hundred and sixty thousand, eight hundred naira) being Duty Tour Allowance for the task team were not produced.

These payments violated Federal Treasury Circular TYR/A8 & B8/2008 OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 paragraph 4 (vii) which 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."

- (ii) Evidence of actual utilization of the sum of ~~₦~~6,300,000.00 (Six million, three hundred thousand naira) set aside as feeding cost for participants and another sum of ~~₦~~11,000,000.00 (Eleven million naira) set aside for admin/project documentation were not produced for audit verification.
- (iii) Similarly, evidence of actual utilization of the sum of ~~₦~~8,179,800.00 (Eight million, one hundred and seventy-nine thousand, eight hundred naira) set aside for procurement of petrol/diesel was not attached to the Payment Voucher.
- (iv) All the above mentioned irregularities contravene Financial Regulation 613 which stipulates that "Payment shall be made only to the person named in the voucher 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.” It also contravenes Financial Regulation 603 (i) which stipulates that “All vouchers shall contain full particulars of each service. Such as dates, numbers, quantities, distance and rates so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets etc”.

The Permanent Secretary has been requested to produce the supporting documents mentioned above for verification otherwise recover the money from the officer, forwarding evidence of recovery for audit verification.

(h) It was also observed that Cash advances totaling ₦18,692,000.00 (Eighteen million, six hundred and ninety-two thousand naira) which were granted to some members of staff of the Ministry of Police Affairs between January and December, 2015 to carry out some services were yet to be retired as at the time of audit inspection in June, 2016 contrary to Financial Regulation 1420 which stipulates that “It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered”.

The Permanent Secretary has been requested to explain the anomalies and recover the amounts totaling ₦18,692,000.00 from the beneficiaries, forwarding evidence of recovery for audit verification.

(i) Seven (7) payment vouchers for amounts totaling ₦11,330,000.00 (Eleven million, three hundred and thirty thousand naira) were raised and paid as cash advances in favour of some staff of the Ministry to enable them pay for workshop materials, production of documents for the stakeholders round table forum and procurements of Desktop/laptop computers among others.

Further audit scrutiny revealed the following irregularities:-

- (i) These payments were not captured in the Advances Register/Ledger. This act contravenes Financial Regulation 1404(i) which states that “The Accounting Officer of a Ministry/Extra Ministerial office and other arms of government shall ensure that Advances Account Records, fully indexed, are maintained to record advances and all the recoveries made”.
- (ii) The services of such magnitude ought to have been done through award of contracts instead of granting cash advances to some staff. It therefore, contravened Federal Treasury Circulars Ref No. TRY/A2 & B2/2009 OAGF/CAD/026/V dated 24th March, 2009 which stipulates that all Accounting 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 contract. The advances therefore constitute a loss to the Federal Government of much needed revenue arising from non-payment of 5% Withholding Tax (WHT) and 5% Value Added Tax (VAT) amounting to ₦1,133,000.00 (One million one hundred and thirty-three thousand Naira).

- (iii) The cash advances granted were yet to be retired as at the time of the audit inspection in June, 2016 contrary to Financial Regulation 1420 which stipulates that "It is the responsibility of all Accounting officers to ensure that all advances granted to officers are fully recovered". Effort made to get some relevant supporting documents failed despite letter requesting for such documents and a reminder dated 12th May, 2016.
- (iv) These payment vouchers were not supported with relevant documents such as Store Receipt Voucher (SRV) as evidence that the store items were actually received by the Ministry's store. This act contravened Financial Regulation 2402(i) which states that "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 store ledger quoting the Store Receipts Voucher number and attaching the original copy of the Store Receipts Voucher to the original LPO."

As a result of the above observed irregularities, I cannot satisfy myself that the total sum of ₦11,330,000.00 (Eleven million, three hundred and thirty thousand naira) is a proper charge against public funds.

The Permanent Secretary has been requested to explain the anomalies, otherwise, the total amount of ₦11,330,000.00 (Eleven million, three hundred and thirty thousand naira) should be recovered, forwarding the recovery particulars for audit verification.

- (j) Three (3) payment vouchers for amounts totaling ₦11,976,800.00 (Eleven million, nine hundred and seventy-six thousand, eight hundred naira) were raised and paid in favour of some staff of the Ministry between October and December, 2015 under the Capital expenditure vote to cover payments for Analyst, Interpreters and Duty Tour Allowance for officers to enable them undertake a Police Public Perception Survey in the three (3) Southern geopolitical zones. The field exercise was to assess among others, the impact of Police performance on members of the public and to ascertain the inter-agency relationship between Policemen, other security agencies and the public at large.

Further audit examination revealed the following:

- (i) Names and acknowledgement of receipts by the beneficiaries were not attached. Some officer's names were used in raising the payment vouchers on behalf of other beneficiaries whose names were not stated. This payment violated Federal Treasury Circular TYR/A8 & B8/2008 OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 paragraph 4 (vii) which states that "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." It also contravenes Financial Regulation 613 which stipulates that "payment shall be made only to the persons named in the voucher 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.”

(ii) A comprehensive copy of the report was not attached.

Efforts made to get these vital documents failed despite letters requesting for such and a reminder issued on 12th May, 2016. I cannot therefore satisfy myself that the sum of ₦11,976,800.00 (Eleven million, nine hundred and seventy-six thousand, eight hundred naira) was a proper charge against public funds.

The Permanent Secretary has been requested to explain the contravention of the above Financial Regulations and fully account for the disbursement, forwarding all supporting documents.. Otherwise, the payments totaling ₦11,976,800.00 (Eleven million, nine hundred and seventy-six thousand eight hundred naira) should be recovered from the beneficiaries, furnishing recovery particulars for audit verification.

(k) Sixteen (16) payment vouchers for sums totalling ₦31,687,950.00 (Thirty-one million, six hundred and eighty-seven thousand, nine hundred and fifty naira) were raised and paid to some staff of the Ministry between January and December, 2015 under the Capital and Recurrent Accounts to cover payment for procurement of books and other statutory documents, Duty Tour Allowances for supervision of capital projects, revenue generation and capital budget implementation monitoring exercises, in all Police State Commands across the federation, etc.

Further scrutiny revealed the following anomalies:

(i) Acknowledgement of the amount paid to each of the officers amounting to ₦21,312,950.00 (Twenty-one million, three hundred and twelve thousand, nine hundred and fifty naira) was not made available. Some officers’ names were used in raising the payment vouchers on behalf of other beneficiaries whose names were not stated. These payments contravened Federal Treasury Circular TYR/A8 & B8/2008 OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 paragraph 4 (vii) which 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.” It also contravenes Financial Regulation 613 which stipulates that “payment shall be made only to the person names in the voucher 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.”

(ii) It was also observed that these payment vouchers were not supported with relevant supporting documents such as Store Receipt Voucher (SRV) as evidence that the store items were actually received by the Ministry. This act contravened Financial Regulation 2402(i) which states that “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 store ledger quoting the Store Receipts Voucher number and attaching the original copy of the Store Receipts Voucher to the original LPO.”

Effort made to get these vital documents failed despite letters requesting for such and a reminder issued on 12th May 2016. I cannot therefore satisfy myself that the sum of ₦31,687,950.00 (Thirty-one million, six hundred and eighty seven thousand, nine hundred and fifty naira) was a proper charge against public funds.

The Permanent Secretary has been requested to explain the contravention of the Financial Regulations and fully account for the disbursement by forwarding the supporting documents. Otherwise, the payments totaling ₦31,687,950.00 (Thirty-one million six hundred and eighty-seven thousand, nine hundred and fifty naira) should be recovered from the beneficiaries, furnishing this office with the recovery particulars for audit verification.

(l) Five (5) payment vouchers under Police Reform Fund and other Capital expenditure for amounts totaling ₦72,885,625.61 (Seventy-two million, eight hundred and eighty-eight thousand, six hundred and twenty-five naira, sixty-one kobo) were raised and paid to various contractors for construction works and other services between the month of May and December, 2015.

Further audit scrutiny revealed that the following supporting documents were not attached to the payment vouchers for examination:

- (i) Bill of Quantities
- (ii) Contract files
- (iii) Minutes of meeting of the Ministerial Tenders Board.
- (iv) Evidence of actual utilization of the sum of ₦4,521,326.43 set aside for administrative charges.

This act contravened Financial Regulation 603(i) which states that “all Vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them to be checked without reference to any other document and will invariably be supported by relevant documents such as Local Purchase Orders, Invoices, special letters of authority, time sheets”.

Efforts made to get the contract files with the relevant supporting documents failed despite the letter requesting for them and reminder issued on 12th May, 2016.

The Permanent Secretary has been requested to explain the contravention of the Financial Regulation and to make the documents available for audit examination to account for the sum of ₦72,885,625.61.

(m) It was also observed that the total closing balance from the three (3) Commercial Bank accounts maintained by the Ministry was ₦30,654,800.30 (Thirty million, six hundred and fifty-four thousand, eight hundred naira thirty kobo).

In line with the Treasury Circular Ref No TRY/A7 & B7/2015 OAGF/CAD/026/V.II/240 dated 5th October, 2015 it was 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).

However, on request the Ministry could not produce a Statement of Account with CBN for audit verification. A Statement of Account with CBN is a vital document without which it would be very difficult to ascertain whether or not the mopped up fund from at he Commercial Banks were actually transferred to the desired account as directed by the Federal Government. Efforts made to get these documents failed despite the letter requesting for it and reminder issued on 12th May, 2016.

The Permanent Secretary has been requested to confirm that the sum of ₦30,654,800.30 (Thirty million, six hundred and fifty-four thousand, eight hundred naira, thirty kobo) has been remitted to the Treasury Single Account (TSA) at Central Bank of Nigeria by forwarding the Statement of Account with Central Bank of Nigeria (CBN) for audit verification.

All these observations have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/D&SAD/MPA/AIR/VOL.1/17 of 16th June, 2016 and his response is still being awaited.

NIGERIA IMMIGRATION SERVICE HEADQUARTER, ABUJA

3.36 During the audit examination of accounting books and records maintained by the Nigeria Immigration Service (NIS), Abuja, the following were observed:-

(a) It was observed the sum of ₦1,854,040.00 (One million, eight hundred and fifty-four thousand forty naira) was paid by the Nigeria Immigration Service vide payment voucher No. 2012 of 12th May 2015, to fund trips of selected staff of the supervising Ministry (Ministry of Interior) to attend the UN Security Ministerial Open Briefing on Foreign Terrorists Fighters. This is contrary to the provision of Circular Ref. No ECD/P/230 of 18th October, 1996 and Circular Ref. No. SGF.6/VIII of 8th May, 2008 forbidding Agencies and Parastatals from providing Naira cover for Estacode Allowances for Ministers, Directors-General and/or other Ministry Staff. The circular describes these acts as fraudulent, while the Chief Executive will be held personally and pecuniarily responsible for compliance with such order or request.

The Comptroller-General has been requested to recover the amount of ₦1,854,040.00 (One million, eight hundred and fifty-four thousand forty naira), and furnish the recovery evidence for audit verification.

(b) During the examination of payment vouchers, it was discovered that the total sum of ₦6,609,800.00 (Six million, six hundred and nine thousand eight hundred naira) was used in sponsoring some officers of the service to workshops in their different professional bodies, contrary to circulars No..HCSF/POS/784/111/2 dated 23rd January, 2009, which stipulate that "MDA shall no longer pay for course fees and allowance for Officers attending training programmes arranged or sanctioned by respective professional bodies." In spite of repeated audit reports on this issue, the Service has continued to violate the provision of the circular.

The Comptroller-General had been requested to recover the sum of ₦6,609,800.00 (Six million, six hundred and nine thousand eight hundred naira) from the officers involved, forwarding evidence of recovery for audit verification.

(c) During the examination of payment vouchers from subhead 1(TF1), it was observed that amounts totaling ₦20,178,900.00 (Twenty million, one hundred and seventy-eight thousand, nine hundred naira) were paid to officers for the conduct of promotion examination of COMPASS 7 to 16 of officers and men of the Nigeria Immigration Service. However, during the scrutiny of the attached documents, it was discovered that this money was processed on six (6) payment vouchers and all paid into three (3) officers accounts, contrary to E-payment directive as stated in Financial Regulation 631 which provides for electronic payment to individuals. No tenable explanation was advanced for this violation of the Financial Regulation.

The Comptroller-General has been requested to explain and provide evidence that the money was paid to the beneficiaries before it can be admitted as proper charge against public funds, otherwise recover the amount under reference and forward evidence of recovery for audit verification.

(d) The examination of Vote book revealed that AIEs totaling ₦97,372,434.07 (Ninety-seven million, three hundred and seventy-two thousand, four hundred and thirty-four naira, seven kobo) have been sent to 36 State Commands, Zonal Offices and Training Schools for the year under review; but the corresponding expenditure returns from these state Offices were not made available for audit examination, despite repeated requests, contrary to Financial Regulation 406.

The Comptroller-General has been requested to inform the State Commands to forward their expenditure returns for audit inspection, otherwise account for the sum of ₦98,813,432.04 forwarding evidence of action taken for verification and having failed to render returns, losses incurred shall be recovered from or surcharged against the defaulting officers in accordance with the provision of the Financial Regulation 3122.

(e) During the examination of Capital Payment Vouchers, it was observed that the contract for the construction of Passport Office, Gwagwalada, was awarded to a contractor for the sum of ₦98,201,304.60 (Ninety-eight million, two hundred and one thousand, three hundred and four naira, sixty kobo). However, further examination of the Payment Vouchers viz a vis the Bill of Quantity after the completion of the project revealed the following irregularities and defects:

- (i) The sum of ₦15,000.00 for the provision of burglary proof measuring 750mm by 2000mm was provided for. However, it was observed that the burglary proof was not properly fixed due to the wide spaces big enough to accommodate an intruder at the top and the bottom of the burglary proof.
- (ii) The sum of ₦320,000.00 was provided for the entrance reception counter with granite top 400mm with 20mm thick concrete slab supported by 230 mm thick block wall. The granite top was not provided by the contractor as indicated in the Bill of Quantity at the time of my inspection on 8th of June, 2016.
- (iii) ₦210,000.00 worth of assorted sanitary appliances provided for were not seen.

- (iv) The sum of ~~₦6,300,000.00~~ was provided in the Bill of Quantity for the provision of borehole with 10,000 Litres tank. However, physical verification reveals that only 3,000 Litres tank was provided by the contractor instead of 10,000 Liters Tank.
- (v) ~~₦15,000,000.00~~ was provided for perimeter fencing. It was observed that the Bill of Quantity did not mention dimension (Length and height) of the perimeter fencing. The lack of transparency in terms of the dimension has made it difficult to determine the value for money derived from this perimeter fence.

The Comptroller-General has been requested to explain the defects mentioned; Bill of Quantity items not executed and the lack of transparency observed, recover the total sum of ~~₦21,300,000.00~~ forwarding evidence of action taken for audit verification.

- (f) Seven (7) officers of the Service were granted non personal advances amounting to ~~₦2,828,465.84~~ (Two million, eight hundred and twenty-eight thousand, four hundred and sixty-five naira, eighty-four Kobo) without retiring them after the execution of the service. It was also observed that these officers were granted more than one advance without retiring the first ones.

The Comptroller-General had been requested to deduct the sum of ~~₦2,828,465.84~~ en-bloc from their salaries, forwarding evidence of recovery for audit verification.

- (g) An agreement for combined Expatriate Residence Permit and Aliens Card (CERPAC) was entered into between the Federal Ministry of Interior at Area 1, Garki Abuja and a company on 25th May, 1999. The purpose of this contract among others was to replace the paper Expatriate Residence Permit and Aliens Card in use with a combined special purposes card that would ensure computer legibility and 21st Century computer compatibility.

Applicants would pay \$350 (Three hundred and fifty Dollars), which formed the basis for the sharing ratio as follows:

- (i) Federal Government of Nigeria = 50%
- (ii) Contractor = 40%
- (iii) Designated account of the Ministry as operating cost= 10%

The following irregularities were observed:

- (i) The sharing ratios as at 18th December, 2014, as stated in Contract Agreement Addendum of 2014, was as follows:

FGN	20%	
Contractor	40%	
Contractor	25%	To be used for the establishment of new issuing centres in 28 states of the federation)
Contractor	7%	To be used for operating expenses
NIS	7%	To be used for enforcement
Fed Min of Interior	1%	To be used for Presidential Monitoring and evaluating

As at December 2015, physical audit inspection revealed that nothing had been done at the new issuing centres in 28 States Command as envisaged, even after the sum of ₦3,937,880,189.72 (Three billion, nine hundred and thirty-seven million, eight hundred and eighty thousand, one hundred and eighty-nine naira, seventy-two kobo) had been deducted or set aside from the sharing ratio for this purpose between 2014 and 2015.

The actual cost for the establishment of the 28 new issuing centres was not stated in the Contract Agreement. The duration of the project, the eventual cost implication and the date the prior 45% of the ratio will revert back to the Federal government is not known and was not stated.

The Comptroller-General has been requested to address the irregularities mentioned as well as account for the sum of ₦3,937,880,189.72 (Three billion, nine hundred and thirty-seven million, eight hundred and eighty thousand, one hundred and eighty-nine naira, seventy-two kobo), already deducted forwarding evidence of action taken for audit verification. His response is being awaited.

(h) During the examination of payment vouchers, it was discovered that an amount of ₦28,140,000.00 (Twenty-eight million, one hundred and forty thousand naira) VAT inclusive was paid to a contractor on final payment voucher No. 1279 dated 13th August, 2015 for supply and installation of one XR-600Static X-ray machine, two No. Gelogiq C5 Premium ADBT 12 Ultra Sound and Responder AED Pro equipment. Physical inspection revealed that the equipments were supplied since March, 2015 but they were yet to be installed for use at the staff clinic as at the time of my visit on 30th October, 2015.

The Comptroller-General's attention was drawn to the situation requesting him to cause these equipments to be put to use and to inform my Office accordingly for further verification.

(i) During the audit examination of Personnel Cashbook and records maintained by the Nigeria Immigration Service, Abuja, between January and December, 2015, it was observed that there were variances in the monthly payment of salary.

The variances were both in surplus and deficit and ranged between -0.15% and 0.75% for the period February to December, 2015 using January 2015 payment as the base. The monthly variances were February (₦3,230,594.02), March ₦3,543,062.46, April (₦2,192,174,383.24), May (₦407,523,406.79), June (₦478,812,046.79), July (₦1,058,749,811.31), August (₦77,621.99), September (₦437,772,404.84), October (₦285,325,940.54), November (₦103,374,889.44) and December (₦15,887,703.33).

It is worrisome that there was no authority, variation advises and variation control records raised and maintained to support each month's variation, as stipulated in the Financial Regulations.

The Comptroller-General has been requested to produce the authorities for the variations, variance advices and variation control records for audit examination.

Nigeria Immigration Service Training School, Imo State Command

3.37 At the Nigerian Immigration Service Training School, Imo State Command, the following observations were made:-

(a) Audit examination of payment vouchers prepared and paid at the above Command, showed that 4 (Four) Overhead payment vouchers of 2014 totaling ₦1,364,024.39 (One million, three hundred and sixty-four thousand, twenty four naira, thirty-nine kobo), paid to the Commandant have no supporting documents such as Purchase Receipts, Store Receipt Vouchers (SRV), Local Purchase Orders and evidence of payment for the energization of a transformer to Power Holding Company of Nigeria. In the absence of these supporting documents, I could not satisfy myself that the payments were proper charges against public funds. This action is a violation of Financial Regulation 603 which provides that supporting documents must accompany payment vouchers.

The Comptroller-General had been requested to recover the sum of ₦1,364,024.39 from the officer responsible, forwarding evidence of recovery for verification, in line with Financial Regulation 3106, which considers the payment as irregular.

(b) Audit examination of payment vouchers of the above unit showed that one payment voucher of 20th November, 2014 for the sum of ₦2,383,150.00 (Two million, three hundred and eighty-three thousand, one hundred and fifty naira) was paid as Out of Pocket Expenses (OPE) in favour of an officer for the renovation works carried out on Hostel blocks. This is in violation of Treasury Circular Ref. No. TRY/A2 AND B2/2009/OAGF/CAD/026/V.1/188 dated 24th March, 2009, which forbids the procurement of store and services above ₦200,000.00 without subjecting them to procurement guidelines (Open Competitive Bidding). Furthermore, the relevant receipts, Completion Certificates and other supporting documents in respect of the renovation works were not made available, thereby rendering these payments to be illegitimate charges against public funds.

The Comptroller-General had been requested to explain the violation of the above mentioned circular, forwarding the relevant supporting documents for verification and to otherwise, recover the sum of ₦2,383,150.00 (Two million, three hundred and eighty-three thousand, one hundred and fifty naira) and submit recovery particulars. He was also to comment on the loss of Value Added Tax and Withholding Tax totaling ₦238,315.00 (Two hundred and thirty-eight thousand three hundred and fifteen naira) accruable to government. Having failed to offer any explanations, the amount under reference should be recovered as prescribed by the Financial Regulation 3106 which considers this payment as irregular.

(c) Audit examination of Arms Movement Register maintained at the above Command showed that 2 (Two) unidentified Pistols types with Arm Nos 000982 and 0009938 were booked by an officer of Niger State Command in December 2012 and another officer of Service Headquarters in June 13th, 2011 respectively. These arms ought to have been returned or rebooked in accordance with extant regulations to avoid mis-use or abuse.

The Comptroller-General had been requested to cause the officers responsible to return or rebook the above mentioned arms in accordance with Police Extent Rules, forwarding evidence of action taken for verification and having failed to respond, the officer involved should be held responsible for any form of misconduct or abuse of the arms.

All these matters have been communicated to the Comptroller-General through my Audit Inspection Report Ref. No. OAuGF/D&SAD/NIS/AIR/VOL.II/15 dated 27th June, 2016. His response is still being awaited.

POLICE SERVICE COMMISSION, ABUJA

3.38 During the audit examination of accounting books and records maintained by the Police Service Commission, Abuja, it was observed that 8 (Eight) Payment Vouchers for amounts totaling ₦12,936,600.00 (Twelve million, nine hundred and thirty six thousand, six hundred naira) were used to pay the staff of the Commission Out of Pocket Expenses (OPE) on DTA and transportation for attending workshop at Nasarawa State.

Further audit scrutiny of the payment vouchers and supporting documents revealed the following anomalies:

- (i) The 2014 approval was revalidated in 2015 for the training, contrary to the provision of Financial Regulation 414 which states that "Expenditure properly chargeable to the account of a given year must as far as possible be met within the year, and must not be deferred". Also Financial Regulation 422 (i) stipulates that officer controlling votes are responsible for ensuring that as far as possible, payment for services rendered are settled within the financial year in which they were rendered.
- (ii) The said workshop was not contained in the 2015 approved budget of the Commission, therefore, the expenditure was viewed as extra budgetary spending.
- (iii) Copy of the attendance sheet signed by the officers who participated in the training was not produced.
- (iv) Group photographs taken at the venue of the workshop was not produced.

In view of the above mentioned anomalies, the payments could not be accepted as legitimate charges against Public Funds.

The Permanent Secretary had been requested to recover the sum of ₦12,936,600.00 (Twelve million, nine hundred and thirty-six thousand, six hundred naira) from the beneficiaries and pay back to chest, furnishing the payment particulars for audit verification. His response is being awaited.

A reminder was issued with Ref No. OAuGF/D&SAD/PSC/AIR /VOL.I/8A dated 27th August, 2016. His response is being awaited.

NIGERIA ARMY FINANCE CORPS, APAPA, LAGOS

3.39 During the audit of the transfer of funds from Nigeria Army Finance Corps' various Bank Accounts to Central Bank of Nigeria in compliance with the Federal Government directives to commercial banks to transfer all funds in their accounts belonging to Ministries, Departments and Agencies (MDAs) to the Treasury Single Account (TSA) at the Central Bank of Nigeria (CBN), it was revealed that a total sum of ₦6,154,632,103.28 (Six billion, one hundred fifty-four million, six hundred and thirty-two thousand, one hundred and three naira, twenty-eight kobo) was mopped up from the Nigeria Army Finance Corps, Arakan Barracks, Apapa various bank accounts. But there was no evidence that the sum of ₦6,154,632,103.28 was transferred to the Treasury Single Account.

The Permanent Secretary was requested to produce the evidence that the sum of ₦6,154,632,103.28 was transferred to CBN in accordance with government directive and to present evidence of CBN's statement to that effect, for audit verification.

A reminder was issued with Ref No. OAuGF/D&SAD/CFO/AIR /VOL.II/14A dated 20th August, 2016, but his response is still being awaited.

NIGERIA ARMY UNIT CASH ACCOUNT

3.40 During the audit examination of payment vouchers and Personnel Cost account at the Command Day Secondary School, Enugu, it was observed that the sum of ₦28,090,137.00 (Twenty-eight million, ninety thousand, one hundred and thirty-seven naira) was paid to civilians as shown below:

S/N	Month	Year	No. of Payees	Amount (₦)
1	November	2014	86 Casual workers	2,257,500.00
2	December	2014	93 persons	2,332,500.00
3	January	2015	93 persons	2,332,500.00
4	February	2015	97 persons	2,349,500.00
5	March	2015	Afuba & others	2,367,000.00
6	April	2015	98 person	2,377,000.00
7	May	2015	96 persons	2,354,000.00
8	June	2015	98 persons	2,358,500.00
9	July	2015	Afuba & others	2,293,000.00
10	August	2015	Afuba & others	2,363,500.00
11	September	2015	Afuba & others	2,363,500.00

12	October	2015	Approved not yet paid	2,341,637.00
	Total			N28,090,137.00

However, further scrutiny of the transaction documents revealed the following irregularities:

- (i) Letter of authority for the engagement indicating the number to be employed and the approval was not produced.
- (ii) The list of the workers employed was not seen.
- (iii) Personal file of each employee was not seen.
- (iv) Wages recommended for each worker was not provided.

Consequently, I was unable to satisfy myself that these payments were legitimate and proper charges against public funds.

The Permanent Secretary was requested to explain and produce the documents mentioned above, otherwise, to recover the amount of ~~N~~28,090,137.00, forwarding evidence of recovery for audit verification.

A reminder was also issued with Ref. No. OAuGF/D&SAD/UCA/AIR /VOL.III/13A dated 31st August, 2016, but his response is still being awaited.

PART C: JUDICIARY

CUSTOMARY COURT OF APPEAL, ABUJA

3.41 During the examination of the accounts and other records maintained at the Customary Court of Appeal, Abuja, the following observations were made:-

(a) A sum of ₦120,086,230.45 (One hundred and twenty million, eighty-six thousand, two hundred and thirty naira, forty-five kobo) was paid to 8 (Eight) contractors for renovation works at 5 (Five) Customary Courts and 1 (One) residential building. Auditors were not allowed to inspect the work physically which is a blatant contravention of the Financial Regulations.

The Chief Registrar has been requested to provide access to all the sites for my officers or refund the said amount to Government coffers and furnish recovery particulars for verification.

(b) Two (2) payment vouchers were raised for the sum of ₦1,555,000.00 (One million, five hundred and fifty-five thousand naira) and paid to contractors. The payments could not be verified to be in order because the payment vouchers and relevant documents were not made available to authenticate the payments. These documents should be produced for audit verification or the said amount recovered and my Office furnished with the recovery particulars for verification.

(c) It was also observed that a sum of ₦23,631,918.50 (Twenty-three million, six hundred and thirty-one thousand, nine hundred and eighteen naira, fifty kobo) was paid to 3 (Three) organizations as contribution, financial support and NSIF. Justification for the payments were not established and the acknowledgement receipts of the funds by the organizations were not produced. The Chief Registrar has been requested to produce the Act that allowed such contributions to the organizations and provide acknowledgement receipts or refund the said amount of ₦23,631,918.50 and forward the recovery particulars to my Office for verification.

(d) It was further observed that Personal Advances granted to 27 (Twenty-seven) staff members of the Customary Court of Appeal in the year 2015 totaling ₦2,054,000.00 (Two million, fifty-four thousand naira) were not recorded into Cash Advances Ledger and were still outstanding as at the time of audit inspection in June, 2016. The Chief Registrar has been asked to recover the outstanding advances from the officers concerned and forward the recovery particulars for audit verification.

(e) A payment to National Health Insurance Scheme through payment voucher No. 10342 dated 30th December, 2015 revealed an over-payment of ₦20,633,002.00 (Twenty million, six hundred and thirty-three thousand, two naira).

The organization was paid a total sum of ₦41,266,004.48 (Forty-one million, two hundred and sixty-six thousand and four naira, forty-eight kobo) being 10% instead of 5% which would have amounted to ₦20,737,002.24, thereby resulting to an over-payment of ₦20,633,002.24 (Twenty million, six hundred and thirty-three thousand, two naira, twenty-four kobo).

The overpaid amount of ₦20,633,002.24 (Twenty million, six hundred and thirty-three thousand, two naira, twenty-four kobo) should be recovered from the organization and the recovery particulars furnished for verification.

These observations have been communicated to the Chief Registrar through my Audit Inspection Report Ref. No. OAuGF/CCA/AIR/VOL.II dated 4th July, 2016 and his response is still being awaited.

FEDERAL HIGH COURT, ABUJA

3.42 During the audit examination of the books and records of account of the Federal High Court, Abuja, the following observations were made:

(a) The sum of ₦18,245,600.00 (Eighteen million, two hundred and forty-five thousand, six hundred naira) that was meant for 38 (Thirty-eight) officers was paid to 1 (One) officer on 9th September, 2015. The action was a blatant contravention of E-payment policy of the Federal Government of Nigeria and there was no evidence that 37 (Thirty-seven) other officers were actually paid.

The Chief Registrar has been requested to comment on the irregularity and to produce evidence to show that the 37 (Thirty-seven) other officers were actually paid or refund the sum of ₦18,245,600.00 (Eighteen million, two hundred and forty-five thousand, six hundred naira) to Government coffers and furnish evidence of recovery for audit verification.

(b) Personnel Account Cashbook balance from January to December, 2015 was ₦2,488,652,653.14 (Two billion, four hundred and eighty-eight million, six hundred and fifty-two thousand, six hundred and fifty-three naira, fourteen kobo) while the transcript closing balance was ₦2,944,792,234.19 (Two billion, nine hundred and forty-four million, seven hundred and ninety-two thousand, two hundred and thirty-four naira, nineteen kobo), giving unexplained difference of ₦456,139,581.05 (Four hundred and fifty-six million, one hundred and thirty nine thousand, five hundred and eighty-one naira, five kobo).

The Chief Registrar has been requested to reconcile the difference and forward the reconciliation for audit verification.

(c) Revenue Cashbook closing balance was ₦25,461,320.00 (Twenty-five million, four hundred and sixty-one thousand, three hundred and twenty naira), while the other accounting book (transcript) showed ₦102,606,729.99 (One hundred and two million, six hundred and six thousand, seven hundred and twenty-nine naira, ninety-nine

kobo), giving an unexplained difference of ₦77,145,409.99 (Seventy-seven million, one hundred and forty-five thousand, four hundred and nine naira, ninety-nine kobo).

The Chief Registrar has been requested to produce revenue remittance receipt of ₦102,606,729.99 (One hundred and two million, six hundred and six thousand, seven hundred and twenty-nine naira, ninety-nine kobo) for audit verification.

(d) The sum of ₦30,200,090.00 (Thirty million, two hundred thousand and ninety naira) with subhead 22020101 in respect of travel, transport and training was posted into analysis book while on main transcript, the sum of ₦129,682,602.14 (One hundred and twenty-nine million, six hundred and eighty-two thousand, six hundred and two naira, fourteen kobo) was reflected, giving a difference of ₦99,482,512.14 (Ninety-nine million, four hundred and eighty-two thousand, five hundred and twelve naira, fourteen kobo) in May, 2015.

The Chief Registrar has been requested to explain the difference, reflect the actual figure on right subhead and produce the corrected accounts for audit verification.

(f) It was also observed that Capital allocation of ₦514,213,924.36 (Five hundred and fourteen million, two hundred and thirteen thousand, nine hundred and twenty-four naira, thirty-six kobo) was in analysis book while ₦2,056,855,697.41 (Two billion, fifty-six million, eight hundred and fifty-five thousand, six hundred and ninety-seven naira, forty-one kobo) was in main transcript.

The Chief Registrar has been asked to reconcile the difference and present the details for audit verification.

All the issues raised have been communicated to the Chief Registrar through my Audit Inspection Report Ref. No. OAuGF/FHC/AIR/16 of 21st July, 2016 and his response is still being awaited.

NIGERIAN LAW REFORM COMMISSION

3.43 During the periodic checks on the accounts and other records maintained at the Nigerian Law Reform Commission, Abuja, the following observations were made:-

(a) Amounts totaling ₦7,455,900.00 (Seven million, four hundred and fifty-five thousand, nine hundred naira) were transferred from Personnel account to Overhead Account in violation of the Appropriation Act and Financial Regulations which require the prior approval of the National Assembly before any virement can be effected. The Chairman has been requested to provide the Authority for the virement otherwise pay back the said amount to Government Coffer and forward the recovery particulars to my Office for verification.

(b) The sum of ₦21,153,880.00 (Twenty-one million, one hundred and fifty three thousand, eight hundred and eighty naira) was paid for staff training. However, the

venue of the training, list of trainees, certificates obtained and other details about the training were not provided as requested.

The Chairman has been requested to respond to the observed anomalies or the various payments will not be accepted as legitimate charges against public funds.

All the issues have been communicated to the Chairman through my Audit Inspection Report Ref. No. OAuGF/NLRC/AIR/4 of 14th July 2016. His response is being awaited.

PART D: LEGISLATURE

NATIONAL ASSEMBLY

3.44 During the Audit of the Accounting books and records maintained at the National Assembly, the following observations were made:-

(A) MANAGEMENT ACCOUNTS:

At the Management Section, it was observed that:-

(a) The Personnel Account was overdrawn in two instances, and this attracted a penalty amounting to ~~₦~~8,800,000.00 (Eight million, eight hundred naira) in violation of the provisions of Financial Regulations 710 which states that "No Government Bank Account shall be overdrawn or any temporary advance obtained from a bank and any bank charges incurred shall be recovered from the Accounting officer.

The Clerk has been requested to pay back this penalty of ~~₦~~8,800,000.00 (Eight million, eight hundred naira) and furnish me with the payment particulars for audit verification.

(b) Payment Vouchers for amounts totalling ~~₦~~115,947,016.00 (One hundred and fifteen million, nine hundred and forty-seven thousand and sixteen naira) paid by the Management within the first 6 (Six) months of the financial year 2015, were not produced for audit examination and therefore, I cannot attest to them as proper charges against public funds.

The Clerk of the National Assembly has been requested to produce the vouchers or recover the total sum under reference, and the particulars forwarded for audit verification.

(c) It was further observed that Cash Advances totalling ~~₦~~158,193,066.00 (One hundred and fifty-eight million, one hundred and ninety-three thousand and sixty-six naira) granted to members of staff in 17 (Seventeen) instances between the months of January and June 2015 are yet to be retired as at the time of writing this report in the month of August 2016, (more than a year after payments) in flagrant disregard of extant regulations which stipulate that all advances should be retired/accounted for, immediately after the completion of the assignment for which funds were granted.

The Clerk has been communicated that the defaulters should be sanctioned in line with the provision of Financial Regulation 3124 and 3118 which provides that the advances should be recovered. The recovery particulars should be forwarded for audit verification.

(d) During the Audit of NABRO (National Assembly Budget & Research Office) account, it was observed that Out-of-Pocket Expenses for sums totalling ₦66,303,411.70 (Sixty-six million, three hundred and three thousand, four hundred and eleven naira, seventy kobo) paid through 8 (Eight) payment vouchers, in respect of Purchase of Work Materials and Cash Advances for various activities were paid without the attachment of vital/relevant supporting documents. As a result of this, I cannot attest to the expenditure as proper charges against public funds.

The Clerk has been communicated that without the vital supporting documents authenticating the expenditure, the total sum should be recovered from the beneficiaries, and paid back to treasury furnishing me with the recovery particulars for audit verification.

(B). SENATE ACCOUNTS:

At the Senate, it was observed that:-

(a) Amounts totalling ₦186,866,183.42 (One hundred and eighty-six million, eight hundred and sixty-six thousand, one hundred and eighty- three naira, forty-two kobo) meant for the payment of Motor Vehicle Loan which was paid into a Commercial Bank Account as indicated in the mandate was misapplied for other purposes such as; organizing Senate Retreat, Pre-Valedictory Session of the 7th Senate and so on.

This action violates the provision of Financial Regulations 417 which states that “Votes must be applied only to the purpose for which money is provided. Expenditure incorrectly charged to a Vote shall be disallowed.

The Clerk of the National Assembly has been notified and requested to explain reasons for this violation of extant rule or the amount of ₦186,866,183.42 should be recovered from him and the recovery particulars forwarded for audit verification.

(b) In another development, it was observed that Bank Charges to the tune of ₦15,964,193.63 (Fifteen million, nine hundred and sixty-four thousand, one hundred and ninety-three naira, sixty-three kobo) were charged for the period July to December, 2015.

This is contrary to the provisions of e-Payment Circular Ref. No. TRY/A8/B8/2008 of October 2008 which requires that individual benefits and claims should be effected through their personal Bank accounts. Financial Regulations 734 also provides that “No Government Organization or Agency shall place government funds in any Commercial Bank that will charge any commission on transactions.

The Clerk has been communicated to recover the amount and furnish me with the recovery particulars for audit verification.

(C) HOUSE OF REPRESENTATIVES

(a) During the Audit of the Accounts of the House of Representatives, it was observed that contracts for the purchase of 48 Units of Utility Vehicles were awarded to 3 (Three) contractors at a total contract sum of ₦624,377,503.30 (Six hundred and twenty-four million, three hundred and seventy-seven thousand, five hundred and three naira, thirty kobo).

Records however showed that the supply of 14 Units of these motor vehicles was not made.

The Clerk has been informed and has been requested to make these 48 vehicles available for audit verification; otherwise, he should recover monies paid for the outstanding 14 vehicles and forward the recovery particulars for audit verification.

(b) Fifty (50) Cash Advances for various amounts totalling ~~₦~~499,666,666.00 (Four hundred and ninety-nine million, six hundred and sixty-six thousand, six hundred and sixty-six naira) were granted to staff to carry out various assignments.

However, at the time of writing this report in August, 2016, more than a year after, the advances are yet to be retired. Some of the officers were granted multiple advances without retiring the previous ones in violation of the Financial Regulations which provides that no new advance should be granted, if the previous ones had not been retired.

The Clerk of the NASS has been requested to recover the advances from the affected officers and furnish me with the recovery particulars for audit verification.

(D) LEGISLATIVE AIDES

(a) The Audit of the Personnel Accounts of the Legislative Aides revealed that a total sum of ~~₦~~70,560,000.00 (Seventy million, five hundred and sixty thousand naira) was expended on the payment of Overtime/Special Allowances to officials who are not Legislative Aides, in the months of November and December 2015.

This payment found to be irregular has been brought to the attention of the Clerk of the National Assembly. He should produce the enabling authority, otherwise he should return this sum of ~~₦~~70,560,000.00 to Government treasury and furnish me with the recovery particulars for verification.

(E) NATIONAL ASSEMBLY SERVICE COMMISSION

(a) During the Audit of the National Assembly Service Commission, it was observed that:

(i) Amounts totalling ~~₦~~17,190,471.50 (Seventeen million, one hundred and ninety thousand, four hundred and seventy-one naira, fifty kobo) was deducted from four (4) months salaries by the commission in the year 2015 as PAYE (Pay As You Earn) and claimed to have been remitted to the Federal Inland Revenue Services without any evidence of payment to FIRS. If evidence cannot be produced, then the said amount should be recovered and paid back to FIRS furnishing me with payment particulars for verification.

(ii) In the same vein, another sum of ~~₦~~3,402,386.40 (Three million, four hundred and two thousand, three hundred and eighty-six naira, forty kobo) was deducted from the salaries of the Executive Chairman and the Commissioners as car loan deductions for four (4) months during the year under review and claimed to have been remitted to the Sub-Treasurer of the Federation through the Central Bank

of Nigeria without any evidence of payment. Please provide the evidence or return the money and forward the pay-back particulars for audit verification.

- (iii) Furthermore, amounts totalling ~~₦~~9,537,936.20 (Nine million, five hundred and thirty-seven thousand, nine hundred and thirty-six naira, twenty kobo) were deducted from salaries of staff in 2015 and claimed to have been remitted to the Federal Inland Revenue Service.

As at the time of writing this report in the month of August 2016, the evidences for the remittances of the deductions mentioned in (i, ii, iii) above, totalling ~~₦~~30,130,794.10 (Thirty million, one hundred and thirty thousand, seven hundred and ninety-four naira, ten kobo) could not be produced for audit verification.

The Executive Chairman has been requested to furnish the evidences acknowledging the receipts of the payments for audit verification.

- (b) At the National Institute for Legislative Studies, it was observed that despite the prohibition of payments by Cheque by the Federal Government, except in extreme cases, the Institute still used cheques to make payments for transactions amounting to ~~₦~~246,256,060.51 (Two hundred and forty-six million, two hundred and fifty-six thousand and sixty naira, fifty-one Kobo) in violation of the provisions of Financial Regulation 631 which stipulates that “Commencing 1st January, 2009, all payments except where exemption has been granted, shall be made through electronic payments”.

The Director General of the Institute has been requested to ensure compliance with Government Regulations and produce for audit verification, his authority for the violation of the extant Financial Regulation.

SECTION 4

**FEDERAL CAPITAL
ADMINISTRATION
AND AREA
COUNCILS**

FEDERAL CAPITAL ADMINISTRATION AND AREA COUNCILS

FCT COLLEGE OF EDUCATION, ZUBA

4.01 During the audit examination of the accounting books and records maintained by the FCT – College of Education, the following observations were made:-

(a) A total sum of ~~₦~~57,236,222.00 (Fifty-seven million, two hundred and thirty-six thousand, two hundred and twenty-two naira) deducted for both the Withholding Tax (WHT) and Value Added Tax (VAT) between April and December, 2015 was not remitted to the Federal Inland Revenue Service.

Similarly, PAYE deductions totaling ~~₦~~26,366,595.62 (Twenty-six million, three hundred and sixty-six thousand, five hundred and ninety- five naira, sixty-two kobo) from staff monthly salaries were not remitted to Federal Inland Revenue Service, contrary to the provisions of Financial Regulation 235 which states that “Deductions for WHT, VAT and PAYE shall be remitted to Federal Inland Revenue at the same time the payee from whom the deductions were made is paid”.

The Provost has been requested to remit the total sum involved and submit evidences of the remittances for audit verification.

(b) Six (6) computer laptops were supplied at an exorbitant unit price of ~~₦~~241,210.00 each totaling ~~₦~~1,447,260.00 (One million, four hundred and forty-seven thousand, two hundred and sixty naira). However, market survey conducted showed that the same items were valued at ~~₦~~95,000.00 and even when the allowable profit margin ranging between 30% - 35% is applied by taking the higher profit margin of 35%, the cost per unit ought to have been ~~₦~~128,250.00 per unit. This has cost the government the sum of ~~₦~~677,760.00 more for the supplies. This figure was derived arithmetically thus (~~₦~~241,210.00 X 6 = ~~₦~~1,447,260.00) – (~~₦~~128,250.00 X 6 = ~~₦~~798,500.00) = ~~₦~~677,760.00. This action of the Accounting officer/Provost contravenes the provisions of the Financial Regulation 415 which states that “the Federal government requires all officers responsible for expenditure to exercise due economy, that is money must not be spent simply because it has been voted for”.

The Provost has been requested to explain the issues raised or refund the sum of ~~₦~~677,760.00 (Six hundred and seventy-seven thousand, seven hundred and sixty naira) to treasury and the payment particulars produced for audit verification.

(c) It was also observed that the sum of ~~₦~~250,000.00 (Two hundred and fifty thousand naira) was deducted monthly as security allowances for the Provost from the students account, which is part of the Internally Generated Revenue (IGR) of the

College. It was equally observed that a total sum of ₦3,000,000.00 (Three million naira) from the student account was being expended annually by the school authority without authorization.

The Provost of the College has been requested to refund the sum of ₦3,250,000.00 to treasury and the payment particulars forwarded to my Office for verification. He should also produce the authority for the expenditure of ₦3,000,000.00, otherwise refund same to the treasury.

(d) Fourteen (14) members of staff (comprising of (9) nine academic and (5) five non-academic) who were supposed to have retired from service after attaining 60 years of age or 35 years in service are still very much active in service. Their names still featured monthly in the College salary payroll as well as the College nominal roll. Due to the over stay by the fourteen officers, the total sum of ₦51,656,243.33 (Fifty-one million, six hundred and fifty-six thousand, two hundred and forty-three naira, thirty-three kobo) was paid to them during the period in question. This was contrary to the provisions of the Public Service Rules (PSR) Section 2081 Sub-sections 1, which states that “the compulsory retirement age for all grades in the service shall be 60 years or 35 years of pensionable service whichever is earlier”, and (ii) says that “No officer shall be allowed to remain in service after attaining the retirement age of 60 years or 35 years of pensionable service whichever is earlier”.

The Provost has been requested to recover the sum of ₦51,656,243.33 from the officers concerned and pay back to Government Coffers and forward the payment particulars to my Office for verification.

All these issues have been communicated to the Provost through my Audit Inspection Report Ref. No. OAuGF/FCT/COE/AIR/2015/VOL.1/1 dated 4th July, 2016 and his response is still being awaited.

KUJE AREA COUNCIL, KUJE

4.02 At the Kuje Area Council, Kuje, the following observations were made:

(a) An audit exercise conducted at the Kuje Area Council, on deductions made from salaries showed that the PAYE deductions to the tune of ₦18,612,132.66 (Eighteen million, six hundred and twelve thousand, one hundred and thirty two naira, sixty-six kobo) were not remitted to Federal Inland Revenue service in contravention of the Financial Regulation 234 (ii) and (iii) which states that “PAYE deduction should be remitted to the FIRS within 21 days”.

The Executive Chairman, Kuje Area Council has been requested to remit to FIRS the sum of ₦18,612,132.66 and forward the payment particulars and FIRS receipt to my Office for audit verification.

(b) It was also observed that Pension Contributions to the tune of ₦58,586,817.11 (Fifty-eight million, five hundred and eight-six thousand, eight hundred and seventeen naira, eleven kobo) deducted between January and June 2015 were paid to Kuje Area

Council UBA Account Number: 1003796585 instead of paying directly to individual Pension Fund Administrators (PFAs). The payment mandates and bank statements showed that the payments were made to Kuje Area Council in contravention of Pension Act.

The Chairman has been requested to promptly pay the amount of ~~₦~~58,586,817.11 to the Pension Fund Administrators and the payment particulars forwarded to my Office for audit verification.

(c) A transfer of ~~₦~~9,671,597.78 (Nine million, six hundred and seventy-one thousand, five hundred and ninety-seven naira, seventy-eight kobo) was made from the Pension Accounts to Kuje Area Council Operation Account. Since the Chairman could not explain the rationale behind the transfer, the said amount should be returned to the Pension Account and the recovery particulars forwarded to my Office for verification.

(d) A loan to the tune of ~~₦~~150,000,000.00 (One hundred and fifty million naira) was granted by a commercial bank to the Council for developmental projects in the Area Council but no evidence of the project executed with the funds was shown to the auditors.

Also the authenticity of the memorandum of understanding (MoU) signed with the bank cannot be guaranteed as it did not carry any stamp duty or signature of the bank manager on the agreement as required by law. However, as at the time of audit visit to the Council, the loan was still being repaid with interest, with no indication of when the repayment will end.

The Chairman has been requested to justify the loan and to confirm the date the loan will be liquidated.

All these observations have been communicated to the Executive Chairman through my Audit Inspection Report Ref. No. OAuGF/FCT/KACAIR2015/VOL.1/1 of 13th May 2016 and his response is still being awaited.

ABUJA URBAN MASS TRANSPORT COMPANY

4.03 During the audit examination of the accounting books and records maintained by the Abuja Urban Mass Transport Company Limited, the following observations were made:-

(a) Fifty-six (56) payment vouchers were raised as cash advances for the purchase of goods and services totalling ~~₦~~29,866,960.000.00 (Twenty-nine million, eight hundred and sixty-six thousand, nine hundred and sixty naira) for the period under review. These advances exceeded the ~~₦~~200,000.00 limit for cash advances allowed to staff for purchase of goods and services and runs contrary to the extant circular with Ref. No. TRY/A2/B2/2009 – OAGF/CAD/026/V125/10 of 24th March, 2009 which states that “Special imprest should be used for minor purchases not exceeding ~~₦~~200,000.00. Also Financial Regulation 2302 (ii) states that “on no account shall

special imprest or Cash advance be used in place of local purchase order (LPO) or Job order for the procurement of Stores locally”.

The refusal to adhere strictly to these extant circular and regulation has denied the Federal Government of Nigeria of the much needed revenue to the tune of ₦2,980,696.00 in respect of Withholding Tax and VAT.

(b) It was also observed that various payments totalling ₦38,625,587.95 (Thirty-eight million, six hundred and twenty-five thousand, five hundred and eighty-seven naira, ninety-five kobo) were made between January and December 2015 for undisclosed reasons without payment vouchers being raised to support the expenditure in flagrant violation of the provisions of the Financial Regulation 601 which stipulates that “under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised. As a result, it would be difficult to accept these payments as legitimate charge against public fund.

The Permanent Secretary has been requested to pay back the sum of ₦38,625,587.95 into the Coffers of the Government and the payment particulars forwarded to my Office for verification.

(c) Similarly, the company did not deduct VAT and Withholding Tax on the contracts awarded to the tune of ₦14,208,600.00 (Fourteen million, two hundred and eight thousand, six hundred naira). This contravenes the provisions of Value Added Tax Act of 1993 and Financial Regulation 234 (i)–(ii) and Financial Regulation 235 of 2009 which requires Accounting officer to ensure deductions are remitted not later than 21 days after the deductions have been made, failure to do that, accounting officer can be sanctioned under VAT ACT numbers 102 of 1993 which may include fine and or imprisonment.

The Permanent Secretary has been instructed to recover all the relevant taxes on the ₦14,208,600.00 from the various contractors and pay same into the Government coffers and forward the recovery particulars to my Office for verification.

All these observations have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/FCT/AUMTY/AIR/2015/VOL.1 dated 1st July, 2016 and his response is still being awaited.

ABUJA TECHNOLOGY VILLAGE FREE ZONE COMPANY

4.04 An audit examination of the accounting books and records maintained by the Abuja Technology Village Free Zone Company revealed that the company made some interbank fund transfers between May 2012 and July 2015 without any mandate or fund transfer instruction/letter to back-up the transactions. This was to the tune of ₦317,904,524.98 (Three hundred and seventeen million, nine hundred and four thousand, five hundred and twenty-four naira, ninety eight kobo). The purpose of these fund transfer was not disclosed when enquired. As a result, it would be difficult to accept these financial transactions as a legitimate charge against public fund.

The issue has been communicated to the Executive Secretary through my Audit Inspection Report Ref. No: OAuGF/FCT/ATFZC/AIR/2015/Vol.1/1 dated 20th April, 2016 and his response is still being awaited.

FCT DEPARTMENT OF SCIENCE AND TECHNOLOGY

4.05 The audit examination of accounting books and records maintained by the FCT–Department of Science and Technology revealed that Personal Income Tax amounting to ₦24,483,644.28 (Twenty-four million, four hundred and eighty-three thousand, six hundred and forty-four naira, twenty-eight kobo) being total deductions from staff salaries for the 2015 fiscal year had no documentary evidence to prove that the money was actually remitted as there was no Federal Inland Revenue Service (FIRS) acknowledgement receipt.

The Permanent Secretary has been requested to ensure that the relevant FIRS official receipts issued in respect of the remittances be produced for audit verification otherwise, the sum of ₦24,483,644.28 should be recovered from the officers involved with the deductions and paid into Government coffers and the recovery particulars forwarded for my verification.

The issues have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/FCT/DS&T/AIR/2015/Vol.1/1 dated 30th June 015 and his response is still being awaited.

SECTION 5

**PROGRAMMES AND
PERFORMANCE AUDIT
(VALUE-FOR-MONEY) AUDIT**

PROGRAMMES AND PERFORMANCE DEPARTMENT **(VALUE-FOR-MONEY) AUDIT**

NATIONAL IDENTITY MANAGEMENT COMMISSION

5.01 During the audit examination of the accounting records and books maintained by the National Identity Management Commission (NIMC), Abuja, the following observations were made:-

(a) Contract for the deployment of VSAT to local government areas was awarded to a company in the sum of ₦16,500,000.00 (Sixteen million, five hundred thousand naira) on the 1st August 2014 and 100% down payment (contrary to extant regulations) had earlier been made to the company on 31/03/2014, five (5) months before the award of contract. This is irregular.

Even the Tenders Board meeting minutes and PPC approval was dated 19th May 2014, two months after the job was paid for without certification contrary to the extant rules. Other breaches of procurement process included the non-advertisement of the job, 100% payment without performance bond thereby exposing government funds to avoidable risks in addition to no report of the execution of the job before the payment. It was equally observed that this system was in operation at those local government areas and there was no prior complaint of disruptions from those areas that could have necessitated and warranted the contract award.

The Director General has been requested to:

- (i) Explain why this contract was awarded without recourse to due process enumerated above.
- (ii) Explain why a contract was awarded for a system already in place and why a 100% down payment was made instead of the stipulated graduated payments beginning with 15% mobilization.
- (iii) Explain why payment was effected without evidence of job execution.
- (iv) Recover and refund to treasury (in the absence of cogent reasons to 'i - iii'), the total sum of ₦16,500,000.00 (Sixteen million, five hundred thousand naira) being unaccounted-for expenditure, tendering the recovery particulars to my office for verification.

(b) A contractor was engaged by the NIMC to supply, install and maintain 19 No. garret PD65001 walk-through metal detector at a total sum of ₦48,944,000.00 (Forty-eight million, nine hundred and forty-four thousand naira) through a letter referenced NIMC/LS/VGSNL/12/12 and dated 28th November 2012. This translated to

~~₦2,576,000.00~~ (Two million, five hundred and seventy-six thousand naira) per detector, with no completion period stated. Examination of payment vouchers showed that, a total sum of ~~₦48,944,000.00~~ (Forty-eight million, nine hundred and forty-four thousand naira) was paid to the contractor in installments of 15%, 42.5% and 42.5%. The APG backing the initial 15% was not sighted in all the documents produced for audit verification. The 2nd and 3rd payment of ~~₦20,801,200.00~~ (Twenty million, eight hundred and one thousand, two hundred naira) each, were paid based on shipment order, even though the shipment order was not produced for audit sighting. Also, there was no performance bond backing the contract as required by extant rules.

However, during the inspection of the project sites, it was observed that the walk-through metal detectors installed were of low quality compared with the amount paid for them. The market price survey conducted during the audit exercise for the type of walk-through metal detector installed was ~~₦750,000.00~~ (Seven hundred and fifty thousand naira) each, Therefore, with the addition of 30% mark-up, the price was expected to be ~~₦975,000.00~~ (Nine hundred and seventy-five thousand naira) each as against the contract price of ~~₦2,576,000.00~~ (Two million, five hundred and seventy-six thousand naira) awarded and paid. This shows that the contract price of ~~₦48,944,000.00~~ (Forty-eight million, nine hundred and forty-four thousand naira) was highly inflated by ~~₦30,419,000.00~~ (Thirty million, four hundred and nineteen thousand naira).

The Director General has been requested to:

- (i) Explain the rationale behind the inflation of this contract, take procedural disciplinary measures against officers responsible for this and tender evidence for my verification.
- (ii) Recover and refund to treasury, the sum of ~~₦30,419,000.00~~ (Thirty million, four hundred and nineteen thousand naira) being the inflated sum, tendering the recovery particulars to my office for verification.
- (c) Contract for the supply of 600 units of HP Flatbed scanners was awarded to a company at a price of ~~₦12,109,091.00~~ (Twelve million, one hundred and nine thousand and ninety-one naira) through a letter referenced NIMC/LS/MLS/1/13/3 and dated 9th April, 2013 with no completion period.

Examination of payment vouchers showed that the total contract sum was paid to the contractor in installments of 15% and 85%. The APG backing the initial 15% was not sighted in all the documents produced for audit verification. The 2nd payment of 85% amounting to ~~₦10,292,727.35~~ (Ten million, two hundred and ninety-two thousand, seven hundred and twenty-seven naira, thirty-five kobo) was made without any covering bond or evidence of execution in form of Stores Receipt Voucher (SRV). The payment of 85% was made on a mere memo written by an officer to the DG/CEO stating that shipment order was placed by the vendor as detailed in the inspection report. This payment procedure is contrary to the Procurement Act 2007 which stated that "*No further payment after Advance payment shall be made to contractor without evidence of work done/supply.*" Shipment order is not evidence of work done and as such should not have been used to support payment. Besides, the shipment order

and or bill of lading was not sighted in the entire document tendered to the auditors and were not produced for audit verification.

Most importantly, during inspection of the stores, no record of receipt or issuance in form of SRV, SIV or BIN card, or computer printout was seen in respect of this job. There was also no distribution list produced to the team to show that the supply was done.

Based on the above therefore, I find it difficult to accept that the payments made in respect of the supply are legitimate charges against public funds.

The Director General has been requested to:

- (i) Explain why payments were made for work not done contrary to the extant rules.
- (ii) Recover and refund to treasury, the sum of ₦12,109,091.00 (Twelve million, one hundred and nine thousand and ninety-one naira) being the payments for work not done, tendering the recovery particulars to my office for verification.
- (d) A consultant was engaged by the NIMC to conduct market study on the smart card industry in Nigeria at a price of ₦22,629,280.00 (Twenty-two million, six hundred and twenty-nine thousand, two hundred and eighty naira) through a letter referenced NIMC/LS/A&CO/1/13/1 and dated 7th June 2013 with no completion period.

Examination of payment vouchers revealed that the total contract sum was paid to the consultant beginning with the initial 15% payment at inception report; while the 2nd and 3rd payments were made on an alleged 2nd draft report. However, copies of all these reports were not produced for verification. Based on the above therefore, I found it difficult to accept that the work was done.

The Director General has been requested to produce for audit verification, the consultancy reports that warranted this payment or recover and refund to treasury, the sum of ₦22,629,280.00 (Twenty-two million, six hundred and twenty-nine thousand, two hundred and eighty naira) being unaccounted-for expenditure, tendering the recovery particulars to my office for verification.

(e) Also, it was observed that a media vendor was engaged as an agent by the Commission on the strength of a mere memo written by a staff to the DG/CEO on 10th June 2014 to provide newspaper/magazine campaign for the Commission at a price of ₦21,901,542.00 (Twenty-one million, nine hundred and one thousand, five hundred and forty-two naira) per annum. This job was not advertised nor approved or ratified by the Tenders Board and Procurement Planning Committee of the Commission. The same memo that initiated the award of the job was the same that sought for the initial payment of 25% or ₦5,475,385.50 (Five million, four hundred and seventy-five thousand, three hundred and eighty-five naira, fifty kobo) as mobilization. The DG/CEO's minutes approved it without recourse to the Tenders Board. In other words, this contract was single-handedly awarded by the Director-General, contrary to the Procurement Act 2007.

The payment of ₦5,475,385.50 (Five million, four hundred and seventy-five thousand, three hundred and eighty-five naira, fifty kobo) vide P.V. No. NIMC/06/1223/OH/14 as 25% mobilization was made without an APG. There was also no performance report indicating 25% work done before the payment. This negates the Public Procurement Act, 2007 that allows for only 15% initial payment which must be supported with an APG.

There was neither evidence of publication in the Newspaper on the activities of the Commission, as this could not be seen in the entire document sighted nor written evidence of the various dates when the publication was made. The vital evidence of publication as the basis for this contract payment was not made available to the audit team.

In view of the above breaches and in the absence of concrete evidence of job performance, I could not accept the payment as a legitimate charge against public funds.

The Director-General has been requested to:

- (i) Explain why payment was made for a job without evidence of performance.
 - (ii) Explain why the contract was single handedly awarded by the Chief Executive contrary to the extant rules.
 - (iii) Recover and refund to treasury, the sum of ₦5,475,385.50 (Five million, four hundred and seventy-five thousand, three hundred and eighty-five naira, fifty kobo) being payment for work not done, tendering the recovery particulars to my office for verification.
- (f) A contractor was engaged by the NIMC to provide Affina enterprise smartcard life cycle management system (a software) at a contract price of \$1,408,750.00 (One million, four hundred and eight thousand, seven hundred and fifty dollars) equivalent to ₦239,487,500.00 (Two hundred and thirty- nine million, four hundred and eighty-seven thousand, five hundred naira) at an exchange rate of ₦170/dollar. The contract award letter for this job was not sighted in all the documents produced for audit verification.

Examination of payment vouchers showed that 80% of the contract sum amounting to ₦191,590,000.00 (One hundred and ninety-one million, five hundred and ninety thousand naira) has been paid to the contractor. These payments were made on 3 different vouchers of 15%, 35% and 30% which were to be based on APG, acceptance of specification and software delivery and installation respectively. But there was no evidence of the above attached to the payment vouchers.

There was also no evidence of receipt of the software and delivery before the last payment of 20% which was the yardstick for the payment. There was no detail of the software volume, date of issuance, validity period and serial number. The IT department could not produce record of usage of the software despite repeated demands.

On inspection of the Data Center, it was observed that there was no record showing the presence of the contractor to execute this work in the entire system.

In view of the above, I am of the opinion that this job was not done.
The Director-General has been requested to:

- (i) Explain the rationale behind payment to the contractor for a job not done or without evidence of performance.
 - (ii) Recover and refund to treasury, the sum of ₦191,590,000.00 (One hundred and ninety one million, five hundred and ninety thousand naira) being payment for work not done, tendering the recovery particulars to my office for verification.
- (g) A consultant was engaged by the NIMC to provide 8 modules licenses for the NIMC Enterprise monitoring system through a letter referenced NIMC/LS/SWSE/1/14 and dated 7th April, 2014 at a price of \$104,895.00 (one hundred and four thousand, eight hundred and ninety five dollars) equivalent to ₦16,943,040.00 (Sixteen million, nine hundred and forty- three thousand and forty naira).

A memo from a staff to the DG/CEO on the same day of award of contract (7th April 2014) sought for a 100% payment of the contract sum and the DG/CEO minutes approved the memo without asking for evidence of performance or a covering bond. The total contract sum was paid to the consultant vide PV. No. NIMC/236/CA/14. There was no evidence of performance of this job in the entire documents sighted as there was no evidence of receipt of the license certificate showing date of issuance, volume, and validity period in the Commission. The record at the Data Center did not show the entrance of this contractor to execute this task in the entire system of the Commission. Based on the above therefore, the job was adjudged not executed.

The Director-General has been requested to:

- (i) Explain why payment was made for a job which level of execution is questionable.
 - (ii) Recover and refund to treasury, the sum of ₦16,943,040.00 (Sixteen million, nine hundred and forty-three thousand and forty naira) being the payment for work not done, tendering the recovery particulars to my office for verification.
- (h) A vendor was engaged by the NIMC to provide tripwire via security information and event monitoring tools (SIEM) and SCM License fees, implementation training, first year support and maintenance. The award letter for the job was not provided for audit verification.

Two different memos were written by a member of staff to the DG/CEO on 6th and 7th March 2014 seeking for payment of 15% and 65% of the contract sum amounting to ₦23,591,969.00 (Twenty-three million, five hundred and ninety-one thousand, nine hundred and sixty- nine naira). In similar manner, the DG/CEO in his minutes approved this payment without evidence of performance or Advance Payment Guarantee (APG) to safe guard public funds. This negates the provisions of Public Procurement Act 2007. Examination of payment vouchers showed that the contractor

was paid 80% (15%+65%) of the contract sum amounting to ₦23,591,969.00 00 (Twenty-three million, five hundred and ninety-one thousand, nine hundred and sixty-nine naira) the same day, 11th March 2014. There was no evidence of performance in the entire document sighted by the audit team.

During verification, the IT Department could not produce evidence of receipt of the license certificate by the Commission. The license was supposed to show date of issuance, volume, and validity period of the licenses. The IT Department could not also produce evidence of usage in the Commission. The list of people who were trained and the location of the training could also not be produced for audit verification.

In addition, the inspection of the Data Centre revealed no record of the presence of the vendor. There was neither evidence of work undertaken by the vendor nor training conducted.

The Director-General has been requested to:

- (i) Explain why payments were made for a job not executed.
 - (ii) Recover and refund to treasury, the sum of ₦23,591,969.00 00 (Twenty-three million, five hundred and ninety-one thousand, nine hundred and sixty-nine naira) being payment for work not done, tendering recovery particulars for verification.
- (i) A contractor was engaged by the NIMC to supply 950 units of WASD WD 14500 2D BARCODE scanners at a price of ₦91,433,636.70 (Ninety-one million, four hundred and thirty-three thousand, six hundred and thirty-six naira, seventy kobo) through a letter referenced NIMC/LS/ MSL/1/13/5 and dated 26th April, 2013 with no completion period indicated.

Examination of payment vouchers showed that the total contract sum was paid to the contractor in installments of 15% and 85%. The APG backing the initial 15% was not sighted in all the documents produced for audit verification. The 2nd payment of 85% was made without any evidence of execution through Store Receipt Voucher (SRV) showing receipt of the scanners into the Commission's stores and subsequent distribution. The final payment of 85% was made on a memo written by a member of staff stating that shipment order was placed by the vendor. The shipment order and or bill of lading were not sighted in the entire document tendered to the auditors.

The absence of entries into the store records is a concrete evidence of non-performance in a supply contract. I am convinced that there was no job performance based on the above.

The Director-General has been requested to:

- (i) Explain why payment was made for a job not done.
- (ii) Recover and refund to treasury, the sum of ₦91,433,636.70 (Ninety- one million, four hundred and thirty-three thousand, six hundred and thirty-six naira, seventy kobo) being payment for work not done, furnishing recovery particulars for verification.

(j) A contractor was engaged by the NIMC to supply 950 units of Logitech 920 1080P Webcam at a contract price of ₦26,578,150.00 (Twenty-six million, five hundred and seventy-eight thousand, one hundred and fifty naira) through a letter referenced NIMC/LS/SN/1/13 and dated 29th August, 2013.

Examination of payment vouchers showed that the total sum of ₦26,578,150.00 (Twenty-six million, five hundred and seventy-eight thousand, one hundred and fifty naira) has been paid to the contractor in installments of 15% and 85%. The APG backing the initial 15% payment was not sighted in any of the documents produced for audit verification. The 2nd payment of 85% was made without evidence of job performance like SRV showing receipt of the equipment into the Commission's Stores. As the trend was at NIMC, the payment of 85% was made on a mere memo to the DG/CEO dated 30th September, 2013 stating that shipment order was placed by the vendor. The shipment order or bill of lading was not however sighted in the entire document tendered during the audit. Besides, the distribution of these items and their locations were not disclosed. Based on the above therefore, it is contended that the items were not supplied.

The Director-General has been requested to:

- (i) Explain why payment was made for a job adjudged not executed.
 - (ii) Recover and refund to treasury, the sum of ₦26,578,150.00 (Twenty- six million, five hundred and seventy-eight thousand, one hundred and fifty naira) being the payment for work not done, tendering the recovery particulars to my office for verification.
- (k) A consultant was engaged by the NIMC to conduct system review of the NIMC through a letter referenced NIMC/LS/KPMG/1/11 and dated 6th January, 2014 at a contract price of ₦21,000,000.00 (Twenty-one million naira) with no completion period indicated.

Examination of payment vouchers revealed that the total contract sum was paid to the consultant with 5% WHT deducted instead of 10% prescribed for consultancy contracts. There was no report on the system review conducted by the consultant before the 100% payment.

It was also observed that due process was not followed in awarding this job as the Director General merely handpicked the consultant who was ratified by the Tenders Board Management Committee. Without evidence of work done, it is difficult to accept the payment as a legitimate charge against public funds.

The Director-General has been requested to:

- (i) Explain why payment was made for a job not done.
- (ii) Recover and refund to treasury, the sum of ₦21,000,000.00 (Twenty- one million naira) being the payment for work not done, tendering the recovery particulars to my office for verification.

(l) Certain members of staff were paid monthly consultancy and testers allowance to the tune of ₦73,574,000.00 (Seventy-three million, five hundred and seventy-four thousand naira). The reason for engaging members of staff as consultants and testers and consequently paying them could not be established. Several efforts to get their monthly reports on what was performed for the Commission were not fruitful. The payment is therefore considered illegal.

The Director-General has been requested to:

- (i) Explain the rationale behind engaging staff of the Commission as consultant contractors and making payments for same.
- (ii) Recover and refund to treasury, the sum of ₦73,574,000.00 (Seventy-three million, five hundred and seventy-four thousand naira) being the payment for work not done, tendering the recovery particulars to my office for verification.
- (m) Between 2013 and 2014, a total sum of ₦163,516,973.62 (One hundred and sixty-three million, five hundred and sixteen thousand, nine hundred and seventy-three naira, sixty-two kobo) was spent as payments for diesel supplied to various state offices and Abuja headquarters. A total number of 53 payments ranging from ₦300,000.00 (Three hundred thousand naira) to ₦24,605,119.00 (Twenty-four million, six hundred and five thousand, one hundred and nineteen naira) per supply was made for them.

Further observations revealed the following anomalies:

- (i) Many company names were duplicated without differentiation in services rendered by each of them.
- (ii) There was no evidence of contractual obligations and documentations to support payment.
- (iii) Some contractual agreements entered into in 2013 were stretched into 2014 without formal renewal.
- (iv) Documents that could clarify seeming ambiguities in both supply and payment were not tendered for audit.
- (v) Some companies passed over payments to another without due process of obtaining power of attorney and the Commission still paid.
- (vi) No Local Purchase Order (LPO), no waybill from any tank farm or depot indicating purchase of diesel, no store receipt vouchers attached to the payment vouchers, or any other document taking the product on charge except acknowledgement letters from state coordinators which could not be relied upon because they are not store officers that are mandated to carry out such obligations on stocks.

(vii) The request for contract files involving heavy payments {e.g. 2 payments to a company to the tune of over ₦24,000,000.00 (Twenty-four million naira each) was not obliged.

(viii) Records of supply and dispensing were not availed for audit at the out-stations.

In view of the irregularities surrounding the supplies and payments for diesel at NIMC, value-for-money could not be established for services rendered. Moreover, it was observed that all payments were made from the Capital vote instead of the Recurrent expenditure vote normally allowed for this.

There were no provision for supplies of diesel from the Commission's approved Appropriation for 2013 and 2014 Capital estimates, yet the sum of ₦163,516,973.62 (One hundred and sixty-three million, five hundred and sixteen thousand, nine hundred and seventy-three naira, sixty-two kobo) (for the period of Audit) was expended on diesel from Capital accounts. This was violation of budgetary provision and a breach of Financial Regulations 417 which states that "Expenditures shall strictly be classified in accordance with the Estimates (budget) and votes must be applied only to the purpose for which money is provided. Expenditure incorrectly charged to a vote shall be disallowed".

The Director-General has been requested to:

- (i) Address the issues raised in (i) – (viii) above and explain the rationale behind the violation of Financial Regulation 417 without valid authorization.
- (ii) Recover and refund to treasury, the sum of ₦163,516,973.62 (One hundred and sixty-three million, five hundred and sixteen thousand, nine hundred and seventy-three naira, sixty-two kobo) being irregular payment, furnishing the recovery particulars for verification.
- (n) Five (5) contractors were paid the total sum of ₦90,225,003.08 (Ninety million, two hundred and twenty- five thousand and three naira, eight kobo) for awareness campaign on the need for national identification enrollment across the six Geo political zone of the Federation on behalf of the Commission.

Further examination of documents presented for audit examination showed no evidence of contract execution like placement of advertisement on any print or electronic media on behalf of the Commission, there were no receipts indicating that slots for airtime were booked, there were no receipts acknowledged by any media organization that money was paid for certain number of slots on advertisement on behalf of the commission and the names of media houses used for the adverts were not stated on any document. Against this backdrop, it is difficult to accept these payments as legitimate charges against public funds.

The Director-General has been requested to recover and refund to treasury, the sum of ₦90,225,003.08 (Ninety million, two hundred and twenty five thousand and three naira, eight kobo) being payment for unexecuted contract, furnishing the recovery particulars for verification.

(o) A total sum of ₦417,307,809.97 (Four hundred and seventeen million, three hundred and seven thousand, eight hundred and nine naira, ninety-seven kobo) was granted to members of staff (including 2 management staff) as cash advances between 2013 and 2014 and remained unretired even as at the time of audit in 2015. These advances involved the procurement of goods and services beyond ₦200,000.00 (Two hundred thousand naira) allowed by extant regulations. Some officers were granted multiple advances contrary to Financial Regulations which require that previous advances must be retired before new ones could be granted.

The Director-General has been requested to recover and refund to treasury, the sum of ₦417,307,809.97 (Four hundred and seventeen million, three hundred and seven thousand, eight hundred and nine naira, ninety-seven kobo) being irregular expenditure, furnishing recovery particulars for verification.

(p) Fifty-three (53) payment vouchers with a total value of ₦1,475,633,099.53 (One billion, four hundred and seventy-five million, six hundred and thirty-three thousand and ninety-nine naira, fifty-three kobo) were not produced for audit examination. Financial Regulation 601 states that “all payment entries in the cash book/accounts shall be vouched for on one of prescribed treasury forms. Vouchers shall be made out in favor 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”. However, on 4/12/2013, a payment of ₦49,797,383.15 (Forty-nine million, seven hundred and ninety-seven thousand, three hundred and eighty-three naira, fifteen kobo) was made to a company with cashbook number code 79626. The narration was “payment for provision of VSAT backup” and was clearly stated in the cashbook ‘NO PV’. E-payment mandates were also not released for audit scrutiny. The absence of internal control was also observed as transactions were initiated and concluded within the Accounts Section without the input of the CEO.

Payments were made without proper documentation and without passing through the internal control mechanism as provided by extant regulations. These payments made in breach of Financial Regulation 601 could not be adjudged to be legitimate charges against public funds.

The Director-General has been requested to ensure adequate internal controls in the Account Section of the Commission as well as recover and refund to treasury, the sum of ₦1,475,633,099.53 (One billion, four hundred and seventy-five million, six hundred and thirty-three thousand, ninety-nine naira and fifty-three kobo) being irregular expenditure, furnishing the recovery particulars for verification.

All the issues raised above were communicated to the Director General through my Audit Inspection Report Reference No. OAuGF/P&PAD/NIMC/06 dated 14th July, 2016. However, his response is still being awaited as at the time of compiling this report in August, 2016.

NIGERIAN ELECTRICITY LIABILITY MANAGEMENT COMPANY (NELMCO)

5.02 During the audit examination of the accounting records and books maintained by the Nigerian Electricity Liability Management Company/GTE (NELMCO), the following observations were made:

(a) A contract for the procurement and installation of 22 No. air-conditioners was awarded to a company through a letter referenced NELMCO/ADMI/PROC/06/13 and dated November 11, 2013 at a contract price of ₦2,449,000.00 (Two million, four hundred and forty-nine thousand naira) with a completion period of 12 weeks.

Examination of payment vouchers revealed that the total contract sum was paid to the contractor but a physical verification carried out showed that instead of 22 new air conditioners, only 4 new ones were installed because the building had old Panasonic air conditioners installed before the occupancy by NELMCO. This was a breach of contract, therefore the sum of ₦2,003,727.27 (Two million and three thousand, seven hundred and twenty-seven naira, twenty-seven kobo) being the cost of 18 air conditioners not supplied and installed at ₦111,318.18 (One hundred and eleven thousand, three hundred and eighteen naira, eighteen kobo) should be refunded.

The Managing Director has been requested to effect the refund and furnish relevant details for my verification.

(b) The sum of ₦20,000,000.00 (Twenty million naira) was moved to an unknown account on 20th December, 2013 as payment without supporting documents with only a narration "payment for set up of Zonal offices" in the cashbook. The names of the contractor(s), Tenders Board Management minutes awarding the contract for the construction of the zonal offices, the award letter and evidence of work done was not made available for audit verification and the locations of the Zonal offices were not disclosed.

Based on the above irregularities, the authenticity of this payment is doubtful and it is difficult to accept the payment as a legitimate charge against public funds, as there was no proof of work done.

The Managing Director has been requested to recover and refund to treasury, the sum of ₦20,000,000.00 (Twenty million naira), furnishing recovery particulars for verification.

(c) The contract for the provision of consultancy services for the review of PHCN management accounts and preparation of Statement of Affairs for the period January 2006 - December. 31st 2012 towards the winding up of PHCN was awarded to a company through a letter referenced NELMCO/01/A&CO/EXT-AUDIT/24/13 and dated 20th February 2013 at a contract price of ₦55,000,000.00 (Fifty-five million naira) with a completion period of 4 months. The terms of reference and mode of payments were stated in the award letter

The service was neither advertised in any national dailies nor were other consultants invited to bid for the job, in line with Public Procurement Act 2007. Based on the request to procure the service of an external auditor by the Chairman, PHCN

Liquidation Committee, the Managing Director hand-picked a company without proven track record, as required by the Procurement Act 2007.

Examination of payment vouchers revealed that the total contract sum of ~~₦55,000,000.00~~ (Fifty-five million naira) was paid to the contractor without following the stipulated payment terms, which included tax deduction of 10%. The advance payment of ~~₦8,250,000.00~~ (Eight million, two hundred and fifty thousand naira) was made without an unconditional bank bond, as required by Procurement Act 2007 while the second payment of ~~₦11,000,000.00~~ (Eleven million naira) was made without evidence of the draft report. The final payment of ~~₦35,750,000.00~~ (Thirty-five million, seven hundred fifty thousand naira) was also made without evidence of performance.

The Managing Director has been requested to recover and refund to treasury, the total sum of ~~₦55,000,000.00~~ (Fifty-five million naira) being irregular payment, furnishing the recovery particulars for verification.

(e) The sum of ~~₦400,000,000.00~~ (Four hundred million naira) was paid into a PHCN account with a commercial bank on 21/12/2012 as a loan without proper documentation. Further audit examination of documents revealed that the money was approved as a loan to PHCN based on a mere handwritten request, with no date and name of the person making the request.

Up to the time of writing this report in 2016, two years after the sale of PHCN, the loaned sum of ~~₦400,000,000.00~~ (Four hundred million naira) had not been repaid to NELMCO. A request for the statement of account, into which this money was paid, was denied at the PHCN Headquarters.

The Managing Director has been requested to recover in full, the loaned sum of ~~₦400,000,000.00~~ (Four hundred million naira) furnishing the recovery particulars for verification.

(f) Payment voucher number 02/4/2013 of 25/4/13 for ~~₦43,995,000.00~~ (Forty-three million, nine hundred and ninety-five thousand naira) was raised and paid to a company which claimed to be a consultant engaged by Borgu Local Government of Niger State to collect Tenement rate from all Federal Parastatals in the area. The said consultant was not introduced by the Local Government Council and NELMCO did do any due diligence to confirm the authenticity of the company's claim before making the huge payment. The location of the subject properties was not given and they could not be found on the Assets and Liabilities schedule of PHCN submitted by the Liquidation Committee.

Independent audit enquiries revealed later that the Local Government never engaged the company for the stated purpose. It is disturbing that the huge sum of ~~₦43,995,000.00~~ (Forty-three million, nine hundred and ninety-five thousand naira) was not paid into the coffers of the Local Government concerned but to the unconfirmed consultant's account.

The Managing Director has been requested to recover and refund to treasury, the sum of ~~₦43,995,000.00~~ (Forty-three million, nine hundred and ninety five thousand naira) being irregular payment, furnishing recovery particulars for verification.

(g) The sum of ₦38,750,000.00 (Thirty-eight million, seven hundred and fifty thousand naira) was paid to a company on 3rd October, 2012 purportedly for consultancy services. This company had no contractual agreement with NELMCO or PHCN and there was no other documents to justify this payment. As no evidence of the services rendered by the company was produced, this expenditure cannot be accepted as a legitimate charge against public funds.

The Managing Director has been requested to recover and refund to treasury, the irregular payment of ₦38,750,000.00 (Thirty-eight million, seven hundred and fifty thousand naira), furnishing recovery particulars for verification.

(h) Various E-payment mandates and vouchers amounting to ₦489,062,183.92 (Four hundred and eighty-nine million, sixty-two thousand, one hundred and eighty-three naira, ninety- two kobo) were raised and paid to 4 (four) different insurance companies and brokers. The payments were allegedly for outstanding premium claims by PHCN. However, details of policies entered into by PHCN with these insurance companies were not produced just as the types of insurance policies taken were not disclosed for review. The name of one of the companies paid was even not in the list or schedule of creditors.

The Managing Director has been requested to recover and refund to treasury, the total sum of ₦489,062,183.92 (Four hundred and eighty-nine million and sixty-two thousand, one hundred and eighty-three naira, ninety- two kobo), furnishing recovery particulars for verification.

(i) The sum of ₦705,316,615.67 (Seven hundred and five million, three hundred and sixteen thousand, six hundred and fifteen naira, sixty-seven kobo) was paid to 3 (three) major commercial banks on 21st December, 2012 in respect of PHCN overdraft and restructured loans. Request for relevant bank statements to confirm the claims was not obliged just as the loan agreements with detailed terms and conditions were also not presented for audit review.

It was also discovered that one of the banks had 'PHCN funds withheld' in it. As details of the exact transactions with these commercial banks that warranted payment of such magnitude was not established, these expenditures would not be considered as legitimate charges against public funds.

The Managing Director has been requested to recover and refund to treasury, the total sum of ₦705,316,615.67 (Seven hundred and five million, three hundred and sixteen thousand, six hundred and fifteen naira, sixty-seven kobo) being unexplained expenditure, furnishing recovery particulars for verification.

All the issues raised above were communicated to the Managing Director through my Audit Inspection Report Reference No. OAuGF/P&PAD/NELMCO/03 dated 20th July, 2016. His response is still being awaited.

NIGERIA PORTS AUTHORITY (NPA)

5.03 While examining the books of capital expenditure of Nigerian Ports Authority, the following observations were made:-

(a) The audited account of the Authority for the period of 2013 - 2014 had not been submitted to my Office for comments as at 30th June 2015. This is a contravention of the provisions of S.85 of the Constitution of the Federal Republic of Nigeria 1999 as amended.

The Management of the NPA has been requested to submit without further delay, 7 copies of the Annual Audited Accounts and Management Letter thereon to my Office, in accordance with constitutional provisions.

(b) The Nigerian Ports Authority entered into a contract agreement in 2007 with a company for towage services to ships and other crafts used for pilotage, berthing and unberthing of vessel in all pilotage districts.

By this contract, the Nigerian Ports Authority is to charge the shipping companies \$1,176 per call.

The NPA on the other hand, hired the services of an agency to discharge NPA's duties to the shipping companies and pay them at a lopsided rate of \$7,181.09 per call, thereby incurring losses. In a memo from the General Manager (Audit) dated 11/11/13, he explained that this discrepancy stems from the fact that the Authority has not reviewed this rate for the last 20 years. The implication of the inability of the management of NPA to review this rate was a huge loss to the Federal Government of Nigeria.

Between 2013 and 2014, NPA realized a total of \$7,379,400 (Seven million, three hundred and seventy-nine thousand, four hundred dollars) from shipping companies for 6,275 calls at \$1,176 (One thousand, one hundred and seventy-six dollars) per call but paid \$45,061,339.75 (Forty-five million, sixty-one thousand, three hundred and thirty-nine dollars, seventy-five cents) as handling fees to their agent at \$7,181.09 (seven thousand, one hundred and eighty one dollars, nine cents) for the 6,275 calls thereby incurring a loss of \$37,681,939.75 (Thirty-seven million, six hundred and eighty-one thousand, nine hundred and thirty-nine dollars, seventy-five cents).

It is noteworthy here that the equipment like Tug boats and other crafts used by the hired agency and the personnel (pilots, crafts/boat operators) are employees of the Nigerian Ports Authority. It therefore raises serious concern as to why NPA will willingly enter into an agreement that seriously reduces its operating surplus and consequent remittance to the treasury.

The Managing Director has been requested to immediately terminate the NPA's contract with this agency and resume the provision of these services in-house, especially as the equipment and personnel engaged in delivering the services belong to NPA. He should review the \$1,176.00 per call charged the shipping companies, in line with current realities.

(c) A contract for the rehabilitation of Lagos Harbour Moles was awarded to a Chinese construction company for ₦16,583,136,001.00 (Sixteen billion, five hundred and eighty-three million, one hundred and thirty-six thousand, one naira).

The contract value was subsequently revised to ₦20,035,710,566.73 (Twenty billion and thirty-five million, seven hundred and ten thousand and five hundred and sixty-six naira, seventy-three kobo). This revision by ₦3,452,574,515.73 (Three billion, four hundred and fifty-two million, five hundred and seventy-four thousand, five hundred and fifteen naira, seventy-three kobo) should be approved by the Federal Executive Council (FEC) and the extract made available for audit. In a letter from the Federal Ministry of Transport dated 20/12/11, the purported approval of FEC was conveyed. However, no such approval from FEC was produced for confirmation.

The Managing Director has been requested to:

- (i) Produce for audit perusal, the extract from FEC authorizing the increase; or
- (ii) Recover and refund to treasury, the sum of ₦3,452,574,515.73 (Three billion, four hundred and fifty two million, five hundred and seventy-four thousand, five hundred and fifteen naira, seventy-three kobo), being unapproved increase to the contract, furnishing recovery particulars for verification.

(d) The revised value of the contract for the rehabilitation of Lagos Harbour Moles was ₦20,035,710,566.73 (Twenty billion, thirty-five million, seven hundred and ten thousand, five hundred and sixty-six naira, seventy-three kobo). Included in this value was a provision of ₦465,405,588.08 (Four hundred and sixty-five million, four hundred and five thousand, five hundred and eighty-eight naira, eight kobo) for contingency purportedly made by the Federal Executive Council. Spending of this provision should ordinarily be contingent upon the occurrence of any event which has the capacity of hampering the performance of the contract and which was not foreseen at the conceptualization of the contract. Upon the occurrence of such an event, the approval of the initial approving authority must be sought before such provision can be utilized. In spite of this, the management of NPA paid ₦417,099,308.06 (Four hundred and seventeen million, ninety-nine thousand, three hundred and eight naira, six kobo) out of the contingency provision to the contractor vide PV. No. 30107 dated 25/4/13. No approval was sought for the utilization of the contingency provision. This is illegal as the contract was not originally approved by the Tender Committee of the NPA.

The Managing Director has been requested to produce the approval of the Federal Executive Council (FEC) for spending the contingency provision or recover and refund to treasury, the sum of ₦417,099,308.06 (Four hundred and seventeen million, ninety nine thousand, three hundred and eight naira, six kobo), tendering the recovery particulars to my office for verification.

(e) A Federal Executive Council Memo EC (2007) 58 of 20th February, 2007 directed NPA to remit various sums of money in both local and foreign currencies to Presidential Implementation Committee on Marine Safety and Security (PICOMSS) charged with the responsibility of ensuring marine safety and security.

The Ministry of Transport also directed that NPA should continue to fund PICOMSS activities as approved by the Federal Executive Council on February 21, 2007.

This is in line with the resolve of the Federal Government of Nigeria to ensure maximum safety in the marine sector. Major players in the sector of which the Nigerian Ports Authority is one, were directed to contribute to the running cost of the PICOMSS. Payments in this respect were to be made directly to PICOMSS. Rather than the management of the Nigerian Ports Authority making its contribution to PICOMSS as directed, it raised payment vouchers for such payments in the name of PICOMSS but paid various amounts totalling ₦1,075,266,599.06 (One billion, seventy-five million, two hundred and sixty-six thousand, five hundred and ninety-nine naira, six kobo), \$2,301,329.54 (Two million, three hundred and one thousand, three hundred and twenty-nine dollars, fifty-four cents) and €196,257.42 (One hundred and ninety-six thousand, two hundred and fifty-seven euro, forty two cent) to both local and foreign accounts of Office of the National Security Adviser to the President (ONSA), which was not named in any of the supporting documents relating to these payments.

The Managing Director has been requested to:

- (i) Justify the payment into ONSA Accounts.
 - (ii) Explain why vouchers were raised in another organization's name and actual payment made to another organization.
 - (iii) Recover and refund to treasury, the sums of ₦1,075,266,599.06 (One billion, seventy-five million, two hundred and sixty-six thousand, five hundred and ninety-nine naira, six kobo), \$2,301,329.54 (Two million, three hundred and one thousand, three hundred and twenty nine dollars, fifty four cents) and €196,257.42 (One hundred and ninety six thousand, two hundred and fifty seven euro, forty two cent) diverted to ONSA account without authorization, furnishing recovery particulars for verification.
- (f) The Authority breached the Federal Ministry of Finance circular ref BD/REV/12235/ 259/VII/201 dated 11th November, 2011 stating that all Federal Agencies, Parastatals etc should limit their annual budgetary expenditure from Internally Generated Revenue (IGR) to no more than 75% of their gross revenue and thereafter the Heads of the Agencies are to ensure prompt remittance of operating surplus thereof into the Consolidated Revenue Fund in accordance with the requirements of the Fiscal Responsibility Act. 2007.

In line with the above requirement, it was observed that the sum of ₦67,508,041,250.00 (Sixty-seven billion, five hundred and eight million, forty one thousand, two hundred and fifty naira) was not remitted to the Consolidated Revenue Fund of the Federal Government being 25% of their total Internally Generated Revenue of ₦122,933,906,000.00 (One hundred and twenty-two billion, nine hundred and thirty-three million, nine hundred and six thousand naira) and ₦147,098,259,000 (one hundred and forty-seven billion, ninety-eight million, two hundred and fifty-nine thousand naira) for 2013 and 2014 respectively.

The Managing Director has been requested to remit to treasury without further delay, the sum of ~~₦~~67,508,041,250.00 (Sixty-seven billion, five hundred and eight million, forty-one thousand, two hundred and fifty naira) being unremitted revenue, furnishing recovery particulars for verification.

(g) The Authority generated the sum of ~~₦~~99,712,464.24 (Ninety-nine million, seven hundred and twelve thousand, four hundred and sixty-four naira, twenty-four kobo) from capitalized interest on expenditure account between 2013 and 2014 which is part of the independent revenue to be remitted to the treasury but failed to do so. The non remittance of this amount to the Consolidated Revenue Fund was contrary to extant rules.

The Managing Director has been requested to remit to treasury without further delay, the sum of ~~₦~~99,712,464.24 (Ninety-nine million, seven hundred and twelve thousand, four hundred and sixty-four naira, twenty-four kobo) being unremitted revenue, furnishing recovery particulars for verification.

(h) Contrary to extant regulations, Union activities were funded by the Authority. Examination of sampled payment vouchers showed that amounts totaling ~~₦~~38,000,000.00 (Thirty-eight million naira) was paid to three unions as donations to finance the activities of the staff unions during the periods under review.

The use of public funds to finance Union activities is wrong as all Unions are self-funded through contributions/deductions from members' salaries and since there was no provision for such financial assistance in the Authority's budget for these periods, the payments cannot be accepted as legitimate charges against public funds.

The Managing Director has been requested to recover and refund to treasury, the sum of ~~₦~~38,000,000.00 (Thirty-eight million naira) being irregular payments, furnishing recovery particulars for verification.

(i) The Authority generated the sum of ~~₦~~253,726,155.70 (Two hundred and fifty-three million, seven hundred and twenty-six thousand, one hundred and fifty-five naira, seventy kobo) being capitalized interest earned from the operations of Revenue Dollar Account and Revenue Naira Account during the period under review.

The authority is required to properly classify the interest earned to the appropriate revenue head of accounts and pay to the Consolidated Revenue Fund, the sum of ~~₦~~253,726,155.70 (Two hundred and fifty-three million, seven hundred and twenty-six thousand, one hundred and fifty-five naira, seventy kobo) in line with Financial Regulation 222 which stipulates that "interest earned on Bank accounts must be properly classified to the appropriate revenue head of accounts and paid to the Consolidated Revenue Fund".

The Managing Director has been requested to make a proper classification of interest earned and remit the sum of ~~₦~~253,726,155.70 (Two hundred and fifty-three million, seven hundred and twenty-six thousand, one hundred and fifty-five naira, seventy kobo) being unremitted revenue, furnishing recovery particulars for verification.

All the issues raised above were communicated to the Managing Director through my Audit Inspection Report Reference No. OAuGF/P&PAD/NPA/06 dated 11th March, 2016. However, his responses were unsatisfactory.

NIGERIAN MARITIME ADMINISTRATION AND SAFETY AGENCY (NIMASA)

5.04 During the audit of the capital books of accounts and records maintained at NIMASA, the following observations were made:-

(a) The sum of ~~₦~~4,607,250,000.00 (Four billion, six hundred and seven million, two hundred and fifty thousand naira) was placed on fixed deposit with a commercial bank on 2nd August 2013 for a period of one month (on a roll over basis), contrary to Financial Regulation 3206 which prohibits placement of excess funds in deposit account without the prior approval of the Accountant-General of the Federation. The extant regulations recommend the investment of idle funds in treasury bills instead. Further audit enquiries revealed that another sum of ~~₦~~4,500,000,000 (Four billion, five hundred million naira) was fixed in 5 other banks and later transferred to various bank accounts of the Agency.

The Director General has been requested to:

- (i) Explain the rationale behind operating at variance with Federal Government fiscal policy by contravening Financial Regulation 3206 and fixing government funds in deposit accounts for interests.
- (ii) Produce for audit scrutiny, the approval of the Accountant-General of the Federation for this deposit.
- (iii) Remit to treasury, the interests so accrued, furnishing evidence of the remittance for verification.

(b) A total sum of ~~₦~~8,626,095.27 (Eight million, six hundred and twenty-six thousand and ninety-five naira, twenty-seven kobo) was paid to a company as contract/professional fees for store organization audit and inventory management system vide 2 payment vouchers Nos. UBA/EP/12/00309 of 8/3/12 and UBA/EP/13/0267 of 21/3/13.

The contract entailed core store organization and inventory management system aimed at efficient record-keeping, asset location etc, but a physical audit verification of the store showed that this job was not carried out as assets worth billions of naira could not be effectively located and accounted for, contrary to the purpose of the contract. The payment for this contract contravenes Financial Regulation 3104(iii) which guards against payments for jobs not executed. Some of the equipment, items

procured which could not be assessed in the store documentation and inventory are listed below:

S/N	PARTICULARS	CONTRACTOR	CONTRACT SUM
1.	Supply and Installation of Cooking Equipment at Agency's Headquarters Canteen	M/S Tua Ventures Ltd.	₦ 34,260,993.00 PV GTB/EP/13/0237
2.	Supply and Installation of 1 No. 1000 KVA Sound Proof Caterpillar Gen. Set at Federal Ministry of Transport, Abuja.	M/S Mantrac Nig. Ltd.	₦ 80,505,314.78 PV UBA/EP/13/0553
3.	Procurement of High Technology Data for Information MSI Portal	M/S Ponkebi Nig. Ltd.	₦ 109,620,000.00 PV UBA/EP/13/630 & PV 2B/14/0262
4.	Generator House /Fence/One 2 Bedroom Office at Lokoja.	NIMASA	₦ 36,338,214.59
5.	Supply of Hardware requirements to Nigerian Maritime Guard Command at 4 Burma Road, Lagos.	M/S Aderalph Int'l Services Ltd.	₦ 43,518,165.00 PV/21B/EP/13/489
6.	Direct Procurement & Installation at 1500 KVA Gen. Set at 4 Burma Road, Lagos.	M/S Maritime Nig. Ltd.	₦ 91,145,933.00
7.	Establishment of Nautical Chart Depot and Digital Whether Maps/Chart	M/S Joe Marine Nautical Co. Nig. Ltd.	₦ 17,000,000.00
8.	Construction and Supply of 1No. Caver Boat	M/S Innovative	₦ 145,623,318.00
9.	Construction and Supply of a Medical Boat for NIMASA	M/S Fikay Global Marine Services Ltd.	₦ 430,000,000.00
10.	Supply of 2Nos: Brand New Patrol Boats	M/S Doiyatec Comms. Ltd.	₦ 563,540,000.00
11.	Supply and Construction of (a) MV Rebirth 99" (b) MV Millennium I & II (c) MV Ofure (d) MV Turai (e) MV Patience (f) MV Goodluck (g) MV Benne and Others		
12.	Supply of Operational Vehicles to the Agency	M/S Kishimi Nig. Ltd.	₦ 44,279,950.00

The Director General has been requested to:

- (i) Take procedural disciplinary measures against all officers responsible for approval and payment for job not executed, furnishing evidence for verification.
- (ii) Recover and refund to treasury, the sum of ~~₦~~8,626,095.27 (Eight million, six hundred and twenty six thousand and ninety five naira, twenty seven kobo) being irregular payment, furnishing recovery particulars for verification.
- (c) The contract for upgrading the intercom/telephone system at NIMASA headquarters and Nigerian Maritime Resources Development Centre (NMRDC) Kirikiri, Lagos was awarded to a company at a contract price of ~~₦~~81,270,000.00 (Eighty-one million, two hundred and seventy thousand naira). Contrary to extant regulations recommending graduated payments beginning with mobilization fees, payment for the whole contract sum was effected once vide PV. No. EP/GTB/13/0294 of 27/6/13.

However, the physical verification of the project revealed non-performance as none of the intercoms was functional as at the time of audit in July 2015. It was

equally observed that there were no traces of the items supplied to the store before installation or attachment of Store Receipt Vouchers (SRVs) and job completion certificate to the payment voucher. Apparently, this payment was for services not rendered.

The Director General has been requested to:

- (i) Take procedural disciplinary measures against all officers responsible for approval and payment for job not executed, furnishing evidence of action taken for verification.
- (ii) Recover and refund to treasury, the sum of ~~N~~81,270,000.00 (Eighty-one million, two hundred and seventy thousand naira) being irregular payments, furnishing recovery particulars for verification.
- (d) The contract for the supply of 2 (Two) brand new KII patrol boats was awarded to a company at the cost of ~~N~~563,540,000.00 (Five hundred and sixty-three million, five hundred and forty thousand naira) according to the contract signed on 12/10/10 and reported/documentated in an earlier audit report of 2011/2012. In the said report, the payment profile indicated that a total sum of ~~N~~281,770,000.00 (Two hundred and eighty-one million, seven hundred and seventy thousand naira) or 50% of the total contract sum was paid vide 2 (Two) payment vouchers No. Z/ep/10/00365 of 02/11/10 for ~~N~~84,531,000.00 (Eighty four million, five hundred and thirty one thousand naira) and P. V. No. Z/ep/11/00479 of 11/03/11 for ~~N~~179,239,000.00 (One hundred and seven-nine million, two hundred and thirty-nine thousand naira).

A further payment of \$825,000.00 (Eight hundred and twenty-five thousand dollars) was made in September 2013 as third milestone payment of 30% due to the main contractor, though the exchange rate was not stated but a conservative rate of ~~N~~170 to \$1 means that about ~~N~~140,250,000.00 (One hundred and forty million, two hundred and fifty thousand naira) was paid bringing the total payment to ~~N~~422,020,000.00 (Four hundred and twenty-two million and twenty thousand naira) representing about 75% of the contract sum, yet audit inspection visits to Kirikiri unit of NIMASA on 22/05/2015 and a repeat on 03/07/2015 showed no trace of the two (2) boats contrary to Clause 7 (a) of the Contract Agreement which stated that the expected delivery period of the Boats shall be 22 (Twenty-two) weeks from the date of payment of mobilization fee.

The Director General has been requested to:

- (i) Confirm the availability of the 2 (Two) brand new KII patrol boats complete with the user department's affirmation of compliance to specification, for audit inspection.
- (ii) In the absence of the boats, engage the services of the EFCC, to recover and refund to treasury the sums of ~~N~~281,770,000.00 (Two hundred and eighty-one million, seven hundred and seventy thousand naira) and \$825,000.00 (Eight hundred and twenty-five thousand dollars) paid to the contractor at various times, finishing recovery particulars for verification.

(e) The Agency had a standing agreement with one of the communication companies for the supply of post-paid lines. In one of the renewals of the agreement, the company submitted an invoice for the payment of ₦23,473,800.00 (Twenty-three million, four hundred and seventy-three thousand, eight hundred naira). Contrary to the Federal Government's policy on monetization of allowances, the Director General approved the payment of ₦19,845,000.00 (Nineteen million, eight hundred and forty-five thousand naira) via payment voucher No. EP/GTB/0924/13 of 03/12/13. The justification and basis for the provision of this benefit is not very clear in view of the Federal Government monetization policy.

The Director General has been requested to justify the payment or recover and refund to treasury the sum of ₦19,845,000.00 (Nineteen million, eight hundred and forty-five thousand naira), furnishing recovery particulars for verification.

(f) The contract for the dredging of jetty at NIMASA NMRDC Kirikiri, Lagos was initially awarded to a company at a contract sum of ₦195,000,000.00 (One hundred and ninety-five million naira) and a payment of ₦43,178,571.44 (Forty-three million, one hundred and seventy-eight thousand, five hundred and seventy-one naira, forty-four kobo) was effected vide PV. No. GTB/NIMASA/EP/13/0802 of 11/10/13. The letter of award and the contract file were not presented for audit scrutiny in order to determine the scope of work and other conditions.

Further audit enquiries revealed that this same contract was re-awarded to another company and the sum of ₦130,079,111.90 (One hundred and thirty million and seventy-nine thousand, one hundred and eleven naira, ninety kobo) was paid vide PV. No. 2B/NIMASA/EP/14/0569 of 8/7/2014. Both letters of award and the contract files were not presented for audit to determine contract sum, scope of work and others.

Two (2) physical audit inspection visits were undertaken on 22/05/2015 and 18/06/2015 and on both occasions, there was neither evidence of dredged-out sand or debris nor presence of the equipment with which the dredging was carried out. This was corroborated by NIMASA staff at the jetty.

The Director General has been requested to:

- (i) Make available for audit within 2 (Two) weeks of this report, the contract files complete with contract sum, letter of award, payment profile, scope of work etc.
 - (ii) In the absence of 'i' above, to recover and refund to treasury, the aggregate sum of ₦173,257,683.34 (One hundred and seventy-three million, two hundred and fifty seven thousand, six hundred and eighty three naira, thirty four kobo) paid to the two (2) contractors for job not done, furnishing recovery particulars for verification.
- (g) NIMASA and University of Nigeria, Nsukka reached an agreement to establish a Maritime Institute at the latter. To this end, the University submitted an estimate of ₦599,000,000.00 (Five hundred and ninety-nine million naira) as take-off grant but only the sum of ₦240,000,000.00 (Two hundred and forty million naira) was paid to the University vide P.V. No. UBA/EP/13/546 of 30/5/13.

The audit inspection visit to the Maritime Institute at the University on 16th August, 2015 revealed that the Bursary unit of the University acknowledged only the sum of ₦138,571,921.16 (One hundred and thirty-eight million, five hundred and seventy-one thousand, nine hundred and twenty-one naira sixteen kobo) as release for the establishment of the Maritime Institute, Nsukka and not ₦240,000,000.00 (Two hundred and forty million naira) raised in the payment voucher. The difference of ₦101,428,078.84 (One hundred and one million, four hundred and twenty-eight thousand and seventy-eight naira, eighty-four kobo) could not be accounted for by either the University or the Agency.

The Director General has been requested to:

- (i) Identify the officers responsible for the diversion of the difference of ₦101,428,078.84 (One hundred and one million, four hundred and twenty-eight thousand and seventy-eight naira, eighty-four kobo) and take disciplinary action against them, furnishing evidence such action for verification.
- (ii) Recover and refund to treasury the aggregate sum of ₦101,428,078.84 (One hundred and one million, four hundred and twenty-eight thousand, seventy-eight naira, eighty-four kobo), furnishing recovery particulars for verification.

(i) The sum of \$75,000.00 (Seventy-five thousand dollars) was paid to a company in New York vide PV. No. R – 48A of 22/1/13 allegedly for hiring Oil Spill Response Boat at \$15,000.00 (Fifteen thousand dollars) per day for five days. No letter of award of contract, considering the amount involved, was produced just as there was no contract file for audit perusal, in order to determine elements of contract sum, conditions of service, location of the project and period of the exercise. Moreover, the reason for making the payment in foreign currency was not stated.

The Director General has been requested to:

- (i) Produce for audit verification, the contract file containing detailed documentation of this transaction; namely letter of award, location, period covered, etc.
 - (ii) In the absence of 'i' above, to recover and refund to treasury the sum of \$75,000.00 (Seventy-five thousand dollars), furnishing recovery particulars for verification.
- (h) Contract for the supply and installation of Oil Spill Boom System and training of the Agency staff on the use and management of the equipment was awarded to a company at a contract sum of ₦98,960,000.00 (Ninety-eight million, nine hundred and sixty thousand naira) inclusive of all taxes, vide award letter dated 4th April, 2012. The award of contracts including all taxes presupposes that the 5% WHT burden would be borne by the government instead of the contractor.

Further audit scrutiny of the payment profile showed that a total of ₦113,804,000.00 (One hundred and thirteen million, eight hundred and four thousand naira) was paid to the contractor vide three (3) payment vouchers.

It is evident that there was an over-payment to the contractor to the tune of ₦14,844,000.00 (Fourteen million, eight hundred and forty-four thousand naira), without any evidence of approved valid variation of the contract cost.

The Director General has been requested to:

- (i) Explain the rationale behind the award of a contract inclusive of all taxes which shifts the burden for 5% WHT to the government instead of the contractor.
 - (ii) Recover and refund to treasury the sum of ~~₦4,948,000.00~~ (Four million, nine hundred and forty-eight thousand naira) being unpaid 5% WHT and furnish recovery particulars for verification.
 - (iii) Recover and refund to treasury, the sum of ₦14,844,000.00 (Fourteen million, eight hundred and forty-four thousand naira) being over-payment to the contractor and furnish recovery particulars for verification.
 - (iv) Identify the officers responsible for the computation that led to the over-payment and take procedural disciplinary action against them.
- (i) A contract for the maintenance and rehabilitation of Warri Central Zonal office was awarded to a company in August 2012 at a contract price of ~~₦34,441,465.00~~ (Thirty-four million, four hundred and forty-one thousand, four hundred and sixty-five naira). The payment voucher was devoid of attachments like letter of award, job completion certificates, etc which could have indicated that the job was done.

Audit inspection visit to the Warri Zonal Office on 03/08/15 revealed that there was no work done as corroborated and confirmed by 4 (Four) members of staff of the Zonal office. According to a Senior Administrative Officer at the Zone, no maintenance has been carried out at the Zone since 2011.

The Director General has been requested to:

- (i) Identify the officers responsible for facilitating this payment and take appropriate disciplinary action against them.
 - (ii) Recover and refund to treasury, the sum of ~~₦34,441,465.00~~ (Thirty- four million, four hundred and forty-one thousand, four hundred and sixty-five naira) being payment for un-executed contract, furnishing recovery particulars for verification.
- (j) Contrary to extant regulations, the Agency approved the expenditure of ~~₦247,086,225.00~~ (Two hundred and forty-seven million, eighty-six thousand, two hundred and twenty-five naira) for ground breaking ceremony of shipyard/dockyard at the Nigerian Maritime University Okerenkoko, Warri. The payment was made on PV. No. EP/1360/14 of 29th April, 2014.

This expenditure, granted in form of personal advance and placed under the disbursement of the Deputy Director (Public relations) who raised the secret memos for approval contravenes the Accountant-General's circular Ref. No. TRY/A2 & B2/2009/OAGF/CAD/ 026/V of 24/03/09, Paragraph 3 which states inter alia: "all

accounting officers and officers controlling expenditure are to ensure that all local procurements of stores and services costing above ₦200,000.00 (Two hundred thousand naira) shall be made only through award of contracts”.

There was no evidence that this expenditure was budgeted for in that fiscal year, thereby constituting a flagrant contravention of Financial Regulations 417 and 415 which state that “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” and “the Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted” respectively. Budget is a law and any extra-budgetary expenditure or virement must be with the approval of the National Assembly through the Ministry of Finance. The expenditure of this sum of money, without valid breakdown supported with bills, invoices and receipts, cannot be considered as a legitimate charge against public funds.

S/N	RECEPTION SITES PREPARATION	BUDGET (₦)
1.	Temporary Jetty Construction in Okerenkoko	23,000,000.00
2.	Jetty Rehabilitation in Kurutie	3,100,000.00
3.	Jetty Rehabilitation in Oporoza	2,500,000.00
4.	Stage Construction in Okerenkoko	3,800,000.00
5.	Stage Construction in Oporoza	2,900,000.00
6.	Civic Centre Rehabilitation	11,000,000.00
7.	Foundation Stone/Marble Plaque	5,250,000.00
8.	Running Cost for (2 Barges at ₦900,000.00 each day x 2 Days	3,600,000.00
9.	Six Billboards in Warri	5,500,000.00
10.	Six Billboards in Asaba	3,500,000.00
11.	Gifts/Brand Promotional Items for Host Community	6,100,000.00
12.	Gifts/Brand Promotional Items for Invited Guests	4,550,000.00
13.	Medical Unit	2,500,000.00
14.	Maritime Guard Command	25,180,000.00
15.	Contingency	10,000,000.00
	TOTAL	₦112,480,000.00

The Director General has been requested to:

- (i) Explain the rationale behind operating at variance with Federal Government fiscal policies by contravening Financial Regulations 417 & 415 which guard against extra-budgetary expenditure and encourage due economy.
- (ii) Show evidence of the classification of this estimate/expenditure in the budget or approval for virement from the National Assembly.
- (iii) Recover and refund to treasury, the sum of ₦247,086,225.00 (Two hundred and forty-seven million and eighty-six thousand, two hundred and twenty-five naira) being extra-budgetary expenditure, furnishing recovery particulars for verification.
- (k) The contracts for the clearing of bush of 20 & 30 hectares of land at the ship building and dockyard, Okerenkoko Warri were awarded to 2 different companies at contract sums of ₦160,523,900.00 (One hundred and sixty million, five hundred and twenty-three thousand, nine hundred naira) and ₦221,542,418.00 (Two hundred and

twenty-one million, five hundred and forty-two thousand, four hundred and eighteen naira). In utter disregard to extant regulations which prescribe graduated payments beginning with mobilization, the Agency paid the contractors at once through P.V. No. UBA/EP/13/0552 of 13/6/13 and GTB/NIMASA/ EP/13/0704 respectively. The payment vouchers which did not pass through normal checking processes were devoid of job completion certificates and other relevant attachments required for a valid payment voucher.

During an audit inspection visit to Okerenkoko, Warri on 30th July 2015, contractors on site confirmed that there was no bush clearing at all and that each contractor cleared the bushes on their own project sites. This transaction is a clear cut infraction of Financial Regulation 3104 (iii) which states that “a public officer who fraudulently pays money to a contractor for a job not executed shall be required to refund in full the amount wrongly paid and shall be removed from that schedule and the matter referred to the Economic and Financial Crimes Commission (EFCC) for prosecution”.

The Director General has been requested to:

- (i) Explain the rationale behind operating at variance with government policy by making payments for these contracts once without the prescribed graduation of payments.
- (ii) Produce for audit scrutiny, all relevant documents relating to the award and execution of these contracts with concrete evidence of recourse to due process in the award of the contract and job completion certificates authenticated by site engineers.
- (iii) Recover and refund to treasury, the sums of ₦160,523,900.00 (One hundred and sixty million and five hundred and twenty-three thousand, nine hundred naira) and ₦221,542,418.00 (Two hundred and twenty-one million, five hundred and forty-two thousand, four hundred and eighteen naira) totaling ₦382,066,318.00 (Three hundred and eighty-two million, sixty-six thousand, three hundred and eighteen naira) being payment for un-executed contracts, furnishing recovery particulars for verification.

(l) The contract for sand filling the building site of the Nigerian Maritime University Okerenkoko, Delta State was awarded on 15/04/2013 to a company at a contract price of ₦887,788,125.00 (Eight hundred and eighty-seven million, seven hundred and eighty-eight thousand, one hundred and twenty-five naira). After the presentation of Advance Payment Guarantee (APG) from a commercial bank, the sum of ₦133,168,218.00 (One hundred and thirty- three million, one hundred and sixty-eight thousand, two hundred and eighteen naira) was paid as mobilization fee vide P.V. No. UBA/EP/13/797 of 25/09/2013.

During inspection at the Maritime University site on 30/07/2015, it was observed that there was no sand filling anywhere in the project sites. Various contractors confirmed that they cleared their respective sites and reclaimed water logged sites before project commencement.

The action of the contractor therefore contravened Financial Regulation 3104(i) which states that: “Where a contractor or a supplier who is paid mobilization 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 mobilization fee shall be recovered en-bloc from the contractor or supplier and such contractor shall be black-listed and referred to the Economic and Financial Crimes Commission for prosecution”.

The Director General has been requested to take procedural measures in line with Financial Regulation 3104(i) in recovering the sum of ₦133,168,218.00 (One hundred and thirty-three million, one hundred and sixty-eight thousand, two hundred and eighteen naira) paid to the contractor, furnishing recovery particulars for verification.

(m) Payment for compensation for the acquisition of land for both the Maritime University and the Ship/Dockyards at Okerenkoko, Delta State was made through a contract award to a company for ₦1,226,554,014.69 (One billion, two hundred and twenty-six million, five hundred and fifty-four thousand and fourteen naira, sixty-nine kobo). Payment was effected vide mandate ZB/NIMASA/EP/14/0568 of 25th August, 2014, contrary to Financial Regulation 601 which states that: “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”. A payment voucher would have revealed necessary information like names of beneficiaries, their bank details or evidences of cash payment, addresses and if possible, contact telephone numbers. Neither the contract award letter to the legal firm nor the valuation documents from the Federal Ministry of Lands and Housing was presented for audit scrutiny. During physical audit verification of the site, it was gathered from some youths of Okerenkoko community that there were no economic trees on the site of the project, no farm lands and no houses. The basis of the compensation paid is therefore questionable.

The Director General has been requested to:

- (i) Explain the rationale for operating at variance with government policy by making payments without a valid payment voucher, contrary to Financial Regulation 601.
 - (ii) Produce for audit perusal, the letter of award of contract, relevant valuation documents and other details such as names of beneficiaries, their bank details or evidences of cash payment, addresses and if possible, contact telephone numbers.
 - (iii) Recover and refund to treasury, the sum of ₦1,226,554,014.69 (One billion, two hundred and twenty-six million, five hundred and fifty-four thousand and fourteen naira, sixty-nine kobo) being irregular payment, furnishing recovery particulars for verification.
- (n) The contract for the construction of ship building facility and dockyard, maritime equipment and structure, ancillary buildings at Okerenkoko, Delta State was awarded to a company at a contract price of ₦40,243,702,763.38 (Forty billion, two hundred and forty- three million, seven hundred and two thousand, seven hundred and sixty-

three naira thirty-eight kobo) on 12th November, 2013 with a completion period of 36 months.

Relevant documents such as letter of award and contract file were not made available during the audit despite repeated demands. As a result, I cannot confirm that due process was followed in the award of this contract. It was claimed that “there was a presidential approval” for the project. However, presidential approval does not suffice for a Federal Executive Council (FEC) approval or Bureau for Public Procurement (BPP) certification.

The payment profile indicated that on 05/12/13, through PV. No. GTB/EP/13/0905, the sum of ₦6,036,555,414.49 (Six billion, thirty-six million, five hundred and fifty-five thousand, four hundred and fourteen naira, forty-nine kobo) was paid as mobilization fees. Meanwhile, as at the time of audit visit in July, 2015, though the contractor was on site, there were no structural, mechanical, electrical or ancillary buildings on site. The contractor explained that their fabrications are being done outside Nigeria and letters of credit have also been opened for the fabrication of the equipment for the dockyard abroad, this claim could not be authenticated at NIMASA. The inability to sight the BOQ and contract file made it impossible to ascertain the project content and confirm adherence to execution of this project.

The Director General has been requested to:

- (i) Give reasons for not presenting the relevant documents relating to this project namely, letter of award, contract file and BOQ, for audit examination.
- (ii) Show evidence of compliance with due process in the award of contract by producing the FEC approval and BPP certification, for audit scrutiny.
- (iii) Show evidence and justify in concrete terms, the commitment of the mobilization fee to project execution, contrary to what was met on ground during physical verification.
- (iv) In line with Financial Regulation 3104(i), recover and refund to treasury, the sum of ₦6,036,555,414.49 (Six billion, thirty-six million, five hundred and fifty-five thousand, four hundred and fourteen naira, forty-nine kobo) being irregular payment, furnishing recovery particulars for verification.
- (o) The contract for the construction of access roads, internal road network and drainages (work package B) at Nigerian Maritime University Okerenkoko was awarded on 7th January, 2014 to a company at a contract price of ₦11,113,153,822.47 (Eleven billion, one hundred and thirteen million, one hundred and fifty-three thousand, eight hundred and twenty-two naira, forty-seven kobo) with a completion period of 18 months.

The contract file, the award letter, BOQ and other relevant documents indicating compliance to due process of award of contract were not made available for audit examination.

However, it was observed that the sum of ₦1,666,973,073.36 (One billion, six hundred and sixty-six million, nine hundred and seventy-three thousand, seventy-three naira, thirty-six kobo) has been paid vide P.V. No. UBA/EP/14/404B of 02/12/14, as mobilization fee.

During site inspection in July 2015, it was observed that the contractor maintained only skeletal presence (2 staff) on site. Furthermore, no road layout, mapping or drainage was in place. Only bush clearing and pegging of some of the road paths were observed. Considering the amount of money paid as mobilization fees, it was expected that more than this ought to have been achieved, seven (7) months after the payment.

The Director General has been requested to:

- (i) Give reasons for not presenting the relevant documents in this project namely letter of award, contract file and BOQ for audit review.
- (ii) Show evidence of compliance with due process of award of contract by producing the FEC approval and BPP certification for audit scrutiny.
- (iii) Show evidence and justify in concrete terms, the commitment of the mobilization fee to project execution, contrary to what was met on ground during physical verification.
- (iv) In line with Financial Regulation 3104 (i), to recover and refund to treasury the sum of ₦1,666,973,073.36 (One billion, six hundred and sixty-six million, nine hundred and seventy-three thousand and seventy- three naira, thirty-six kobo) being irregular payment, furnishing recovery particulars for verification.
- (p) Different projects put together under the term “Work Package A” were awarded to two different companies as stated below:

S/N	PROJECTS	LOTS	PROJECT COST	STATUS LEVEL AS AT 30/7/15
1.	Construction of Administrative Blocks	A1	₦836,026,170.00	15% Foundation Level
2.	Lecture Rooms	A2	₦1,729,854,640.00	0%
3.	Vice Chancellors Lodge & Staff Quarters	A3	₦11,711,090,610.00	0% yet to commence
4.	Student Hostels	A4		0% yet to commence
5.	Power House – Power Sub Station	A12	₦151,445,250.00	15% at Foundation Level
6.	Perimeter Fence	A13	₦446,066,550.00	0% yet to commence
7.	Jetty & Ramp	A18	₦808,091,100.00	5% Bush Cleared
8.	Provision and Electricity Services and Connection of the University to the National Grid	A19		0% yet to commence
9.	Gate House (2Nos)		₦75,008,820.00	70% Completion Level
10.	Fire Fighting and Training Centre		₦369,969,350.00	5% Bush Cleared
11.	Generator House		₦288,402,530.00	15% Foundation Level
12.	Sewage System	A19	₦310,109,750.00	0% yet to commence
13.	Water Reticulation system		₦495,605,000.00	0% yet to commence
14.	Faculty of Natural Science	A2	₦1,729,854,640.00	0% yet to commence
15.	Intermediate Staff Quarters (4Nos)		₦1,309,884,920.00	0% yet to commence

16.	Principal staff Quarters		₦467,204,400.00	0% yet to commence
17.	Lecturers Quarters (14 Nos)		₦8,187,060,300.00	20%
18.	Faculty of Engineering and Technology		₦1,890,165,230.00	0% yet to commence
19.	Institute of Foundation Studies		₦1,768,349,840.00	0% yet to commence
20.	Simulator Building		₦2,063,839,920.00	0% yet to commence

The package was awarded at a total contract price of ₦36,839,747,931.00 (Thirty-six billion, eight hundred and thirty-nine million, seven hundred and forty-seven thousand, nine hundred and thirty- one naira). The tendering process was found to be selective, in that the award of contract was based on a recommendation letter jointly signed by leaders of Okerenkoko Federated Community, Gbaramatu Kingdom and Warri South West Local Government Area in favour of the two preferred companies.

It was observed that the sum of ₦5,525,962,189.65 (Five billion, five hundred and twenty-five million, nine hundred and sixty-two thousand, one hundred and eighty nine naira, sixty five kobo) had been paid vide PV. No. ZIB/EP/0358/14 of 16/04/14.

During site inspection carried out on 30/7/15, it was observed among others; that apart from the gate house, which had attained 70% completion, (as shown in the table above), most of the jobs were still at foundation level. Project inspection visits undertaken by staff were generally misleading, as the reports submitted were not true reflection of the activities on ground. It was gathered that some of the staff collude with the contractors to submit false progress reports on the project.

The Director General has been requested to:

- (i) Justify the selective tendering process adopted in the award of this contract.
- (ii) Show evidence and justify in concrete terms, the commitment of the mobilization fee to project execution, contrary to what was met on ground during physical verification.
- (iii) In line with Financial Regulation 3104(i) to recover and refund to treasury, the sum of ₦5,525,962,189.65 (Five billion, five hundred and twenty-five million, nine hundred and sixty-two thousand, one hundred and eighty-nine naira, sixty-five kobo) being irregular payment, furnishing recovery particulars for verification.
- (q) There was an irregular payment of €6,987.82 (Six thousand, nine hundred and eighty-seven euros, eighty- two cents) to a contractor, allegedly for the supply of spare parts and maintenance of 5 NIMASA patrol and anti-pollution boats. This payment was made by bank transfer. The payment voucher was devoid of letter of award of contract and SRV acknowledging receipt of equipment, as required by extant regulations. The user department did not acknowledge the receipt/acceptance of the equipment.

The Director General has been requested to produce incontrovertible proof that the spare parts were actually supplied, otherwise, recover and refund to treasury the sum of €6,987.82 (Six thousand, nine hundred and eighty-seven euros, eighty-two cents) from the contractor furnishing recovery particulars for verification.

(r) A contract was awarded to a company for the lease and furnishing of a Guest House at Bonny Island, Rivers State, for three years at the sum of ~~₦~~50,700,000.00 (Fifty million, seven hundred thousand naira). Payment for this contract was made vide P.V. No. UBA/EP/13 /0149 of 21/1/13. The letter of award, lease agreement and Valuation of the building by the Federal Ministry of Works were not produced for audit. During physical inspection on 08/08/2015, there was no indication on the inventory board in the guest house that furnishings had been carried out.

The Director-General has been requested to:

- (i) Produce for audit scrutiny, the letter of award, lease agreement and Valuation of the building by the Federal Ministry of Works, as required by extant regulations.
 - (ii) Show evidence of furnishing the Guest House between January, 2013 when the payment was made and date of site inspection in August 2015.
 - (iii) Otherwise, recover the sum of ~~₦~~50,700,000.00 (Fifty million, seven hundred thousand naira) being irregular expenditure, furnishing recovery particulars for verification.
- (s) Another contract on this same Guest House at Bonny Island, Rivers State was awarded to another company inclusive of renovation, at a contract sum of ~~₦~~111,881,474.00 (One hundred and eleven million, eight hundred and eighty-one thousand, four hundred and seventy-four naira) on 17/12/12.

Contrary to payment procedures, the whole payment was effected once vide P.V. No. UBA/EP/13/500 without consideration for mobilization. The payment voucher had no job completion certificate or Stores Receipt Voucher authenticating supply of items for renovation. The only form of renovation observed during inspection visit in August 2015 was paint coating and other minor touches to some of the rooms. Also observed were the deliberate insertions in the BOQ primarily aimed at inflating the contract price as evidenced in the provision of ~~₦~~1,000,000.00 (One million naira) for harmonious working relationship with the host community, ~~₦~~5,500,000.00 (Five million, five hundred thousand naira) for mobilization to site of all necessary plants and equipment and ~~₦~~75,000.00 for a signboard which was not erected. It was noted with dismay, that despite the two contracts, the Guest House was still bereft of considerable and acceptable level of furnishing, in view of the amount of money spent.

The Director General has been requested to produce for audit scrutiny, expenditure breakdown confirming that this amount of money was actually spent for the renovation and furnishing of the Guest House, contrary to what was seen on ground during inspection. Otherwise, recover the sum of ~~₦~~111,881,474.00 (One hundred and eleven million, eight hundred and eighty-one thousand, four hundred and seventy-four naira) from the contractor, furnishing recovery particulars for verification.

(t) The contract for the construction of a bookshop at the Nigerian Maritime University, Okerenkoko was awarded to a company at a contract price of ~~₦~~240,890,968.92 (Two hundred and forty million, eight hundred and ninety thousand, nine hundred and sixty- eight naira, ninety-two kobo). After presentation of Advance

Payment Guarantee from a commercial bank, the sum of ~~₦~~36,133,510.34 (Thirty-six million, one hundred and thirty-three thousand, five hundred and ten naira, thirty-four kobo) was paid as mobilization fees on 20/08/2014.

However, it was discovered during inspection in July 2015, that the contractor was yet to report to site, one year after collection of the mobilization fee. This is contrary to Financial Regulation 3104(i) which states that: "Where a contractor or a supplier who is paid mobilization 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 mobilization fee shall be recovered en-bloc from the contractor or supplier and such contractor shall be black-listed and referred to the Economic and Financial Crimes Commission for prosecution".

The Director-General has been requested to take procedural measures in line with Financial Regulation 3104(i) to recover and refund to treasury, the sum of ~~₦~~36,133,510.34 (Thirty-six million, one hundred and thirty-three thousand, five hundred and ten naira, thirty-four kobo), furnishing recovery particulars for verification.

(u) The contract for the construction of library (Work Package C) at the Nigeria Maritime University (NMU) Okerenkoko was awarded on 7/1/14 to a company at a contract price of ~~₦~~1,964,076,454.20 (One billion, nine hundred and sixty-four million and seventy-six thousand, four hundred and fifty-four naira, twenty kobo).

The payment profile indicated that the sum of ~~₦~~282,461,468.13 (Two hundred and eighty-two million, four hundred and sixty-one thousand, four hundred and sixty-eight naira, thirteen kobo) being mobilization fees was paid to the contractor on 20/08/2014.

However, it was discovered during an inspection visit in July 2015, that the contractor was yet to report to site a year after the collection of the mobilization fee. This is contrary to Financial Regulation 3104(i) which states that: "Where a contractor or a supplier who is paid mobilization 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 mobilization fee shall be recovered en-bloc from the contractor or supplier and such contractor shall be black-listed and referred to the Economic and Financial Crimes Commission for prosecution".

The Director-General has been requested to take procedural measures in line with Financial Regulation 3104(i) in recover and refund to treasury, the sum of ~~₦~~282,461,468.13 (Two hundred and eighty-two million, four hundred and sixty-one thousand, four hundred and sixty-eight naira, thirteen kobo), furnishing recovery particulars for verification.

(v) The contract for the construction of ship building facility and dockyard at Okerenkoko was awarded at a contract price of ~~₦~~18,457,283,591.91 (Eighteen billion, four hundred and fifty-seven million, two hundred and eighty-three thousand, five hundred and ninety-one naira, ninety-one kobo) to a company on 11/11/2013, for a duration of 34 months. Two (2) months after the award, on 30th January 2014, the sum of ~~₦~~2,768,592,538.78 (Two billion, seven hundred and sixty-eight million, five

hundred and ninety-two thousand, five hundred and thirty- eight naira, seventy-eight kobo) was paid as mobilization fees.

During site inspection in July 2015, it was discovered that apart from the presence of some staff of the company on ground, no other form of developmental activity was going on. Obviously, the contractor abandoned the contract after collecting the mobilization fees.

The Director-General has been requested to take procedural measures in line with Financial Regulation 3104(i) in recover and refund to treasury, the sum of ~~₦2,768,592,538.78~~ (Two billion, seven hundred and sixty-eight million, five hundred and ninety-two thousand, five hundred and thirty-eight naira, seventy-eight kobo), furnishing recovery particulars for verification.

(w) Another contract for the provision of water supply and distribution at the Institute of Maritime Studies, University of Lagos, was awarded to a company at a contract price of ~~₦82,436,334.75~~ (Eighty-two million, four hundred and thirty-six thousand, three hundred and thirty-four naira seventy-five kobo) on 12th November, 2013. Six (6) months after the award, on 8th May 2014, the sum of ~~₦16,283,351.00~~ (Sixteen million, two hundred and eighty-three thousand, three hundred and fifty-one naira) was paid as mobilization fee.

During site inspection in July 2015, it was discovered that fifteen (15) months after collecting the mobilization fee for the project, the contractor was not on ground at the site, and no activity was going on. What was seen at the site of the Institute was a mass of sand-filled ground and one wonders where the water supply and distribution would have taken place.

The Director-General has been requested to take procedural measures in line with FR 3104(i) in recover and refund to treasury, the sum of ~~₦16,283,351.00~~ (Sixteen million, two hundred and eighty-three thousand, three hundred and fifty-one naira), furnishing recovery particulars for verification.

(x) Two (2) contracts for the construction of Fuel Dump Station and Guest House were awarded to two different companies on 12/11/2013 and 05/09/2013 for ~~₦240,890,068.92~~ (Two hundred and forty million, eight hundred and ninety thousand and sixty-eight naira, ninety-two kobo) and ~~₦248,091,322.50~~ (Two hundred and forty-eight million and ninety-one thousand, three hundred and twenty-two naira, fifty kobo), respectively.

After the payment of ~~₦36,133,510.34~~ (Thirty-six million, one hundred and thirty-three thousand, five hundred and ten naira, thirty-four kobo) and ~~₦33,669,536.62~~ (Thirty-three million, six hundred and sixty-nine thousand, five hundred and thirty-six naira, sixty-two kobo) respectively vide PV. Nos. ZB/NIMASA/EP/14/0366 and ZB/NIMASA/EP/14/0365 as mobilization fees, the two contractors disappeared into thin air, as has been the case with others. This much was confirmed during audit inspection of the supposed project sites in July 2015.

The Director-General has been requested to take procedural measures in line with FR 3104(i) in recover and refund to treasury, the aggregate sum of ~~₦~~69,803,046.96 (Sixty-nine million, eight hundred and three thousand and forty-six naira, ninety-six kobo) paid to the two (2) contractors, furnishing recovery particulars for verification.

All the issues raised were communicated to the Director-General through my Audit Inspection Report Reference No. OAuGF/P&PAD/ NIMASA/25 dated 24th February, 2016. However, his response is still being awaited as at the time of compiling this report in August, 2016.

NIGER DELTA BASIN DEVELOPMENT AUTHORITY (NDBDA)

5.05 At Niger Delta Basin Development Authority (NDBDA), the following observations were made:-

(a) Contract for the construction of 10 Nos. Mono Hand Pump Boreholes in Obio/Akpor LGA of Rivers State was awarded to a company through a letter referenced AD/NDBDA/C/ 20/12/050 and dated 18th October, 2012, for the sum of ~~₦~~9,294,285.00 (Nine million, two hundred and ninety-four thousand, two hundred and eighty-five naira) with a completion period of 7 (Seven) weeks. It was claimed that the job had been completed and payment effected vide P.V. No. 076 of 20/5/2013.

However, audit inspection revealed that the boreholes on the sites were in existence even before this contract. This observation was corroborated by the representative of the management that accompanied the team. Apparently, this job was not done. Deceptive photographs and false certifications were used to mislead the Authority into paying for the unexecuted contract.

The Managing Director has been requested to:

- (i) Take procedural disciplinary measures against the officer(s) that certified the job done and inform me of action taken.
- (ii) Recover and refund to treasury, the sum of ~~₦~~9,294,285.00 (Nine million, two hundred and ninety-four thousand, two hundred and eighty-five naira) being expenditure for unexecuted contract, furnishing recovery particulars for verification.

(b) The contract for the construction of solar power water project at Ekwetorlor, Delta State was awarded to a company through a letter referenced AD/NDBDA/C/20/12/007 and dated 18th October, 2012 at a contract price of ~~₦~~10,333,681.05 (Ten million, three hundred and thirty- three thousand, six hundred and eighty-one naira, five kobo) with a completion period of 6½ weeks.

The total contract sum had been paid but a visit to the site showed that the borehole was not working, as confirmed by the residents. It was further observed that there were some aspects of the job in the BEME that were not carried out. The total value of work not done and materials not supplied was put at ~~₦~~3,848,842.97 (Three

million, eight hundred and forty-eight thousand, eight hundred and forty-two naira, ninety-seven kobo).

The Managing Director has been requested to recall the contractor to the site to repair the borehole and to recover and refund to treasury, the total sum of ₦3,848,842.97 (Three million, eight hundred and forty-eight thousand, eight hundred and forty-two naira, ninety-seven kobo) being value of work not done, furnishing recovery particulars for verification.

(c) The contract for the construction of solar power boreholes in 19 various communities in Bayelsa State was awarded to a company through a letter referenced AD/NDBDA/C/20/12/040 and dated 18th October, 2012 at a contract price of ₦228,134,051.00 (Two hundred and twenty-eight million, one hundred and thirty-four thousand and fifty-one naira) with a completion period of 3 months. The BEME for the job had provision for items of measurable nature and items of values that have no correlation with solar powered borehole such as “allow for the institutional strengthening and capacity building throughout the duration of the project”, providing for riverine transportation cost for upland locations, “contingencies” and so on to the tune of ₦33,201,321.95 (Thirty-three million, two hundred and one thousand, three hundred and twenty-one naira, ninety-five kobo) which was expended without recourse to extant regulations.

Payment for the contract value had been effected vide 2 PVs. Nos. 026 of 11/07/2013 and 080 of 01/11/2013. However, a visit to 2 (two) of the sites (Ebedebiri and Trofani) showed that the total value of work not done at the 2 locations was ₦14,094,660.26 (Fourteen million and ninety-four thousand, six hundred and sixty naira, twenty-six kobo), because the project at Trofani was not executed.

The sums of ₦14,094,660.26 (Fourteen million, ninety-four thousand, six hundred and sixty naira, twenty-six kobo) and ₦33,201,321.95 (Thirty- three million, two hundred and one thousand, three hundred and twenty-one naira, ninety-five kobo) paid for work not done and provisional inclusions spent without recourse to extant regulations, respectively, cannot constitute legitimate charges against public funds. Therefore, the total sum of ₦47,295,982.21 (Forty-seven million, two hundred and ninety-five thousand, nine hundred and eighty-two naira, twenty one kobo) should be refunded.

The Managing Director has been requested to recover and pay to treasury, the sum of ₦47,295,982.21 (Forty-seven million, two hundred and ninety-five thousand, nine hundred and eighty-two naira, twenty-one kobo) being value of work not done and unexplained expenditure, furnishing recovery particulars for verification.

(d) The contract for the rehabilitation of Oplo Epie 1 Central Water Project, Yenegoa, Bayelsa State was awarded to a company through a letter referenced AD/NDBDA/C/20/12/072 and dated 18th October, 2012 at a contract price of ₦33,566,494.50 (Thirty-three million, five hundred and sixty-six thousand, four hundred and ninety-four naira, fifty kobo) with a completion period of 3 months.

Examination of payment vouchers revealed that the contract sum which included a contingency provision of ₦2,906,190.00 (Two million, nine hundred and six thousand, one hundred and ninety naira) has been paid to the contractor.

During site inspection, it was observed that some provisions of the BEME were not carried out as stated. These provisions constituted job not done and the value including the payment of contingency without detailed evidence of utilization, was put at ₦11,345,190.00 (Eleven million, three hundred and forty five thousand, one hundred and ninety naira).

The Managing Director has been requested to recover and pay to treasury, the sum ₦11,345,190.00 (Eleven million, three hundred and forty-five thousand, one hundred and ninety naira) being value of work not done and unexplained expenditure, furnishing recovery particulars for verification.

(e) Furthermore, the contract for the rehabilitation of Otor-Ewhu water project including 3km pipe line extension was awarded to a company through a letter referenced AD/NDBDA/C/20/12/003 and dated 18th October, 2012 at a contract price of ₦40,535,418.00 (Forty million, five hundred and thirty-five thousand, four hundred and eighteen naira) with a completion period of 6 ½ weeks.

Examination of payment vouchers revealed that the sum of ₦35,790,339.22 (Thirty-five million, seven hundred and ninety thousand, three hundred and thirty-nine naira, twenty-two kobo) paid to the contractor included contingency provisions of ₦3,509,560.00 (Three million, five hundred and nine thousand, five hundred and sixty naira). Neither the reason for the inclusion nor justification for utilization of the contingency sum was provided.

During site inspection, it was observed that some provisions of the BEME were not carried out as stated. These provisions constituted job not done and the value, including the payment of contingency without detailed evidence of utilization, was put at ₦13,693,866.28 (Thirteen million, six hundred and ninety-three thousand, eight hundred and sixty-six naira, twenty-eight kobo).

The Managing Director has been requested to recover and pay to treasury, the sum ₦13,693,866.28 (Thirteen million, six hundred and ninety-three thousand, eight hundred and sixty-six naira, twenty-eight kobo) being value of work not done and unexplained expenditure, furnishing recovery particulars for verification.

(f) The construction of water treatment plant and reticulation project in Sagbama Town, Bayelsa State was awarded to a company through a letter referenced AD/NDBDA/ C/20/12/043 and dated 18th October, 2012 at a contract price of ₦186,274,466.50 (One hundred and eighty-six million, two hundred and seventy-four thousand, four hundred and sixty-six naira, fifty kobo) with a completion period of 3 months.

Examination of payment vouchers revealed that the total contract sum including 10% contingency provision of ₦18,327,446.65 (Eighteen million, three hundred and twenty-seven thousand, four hundred and forty-six naira, sixty-five kobo) was paid to

the contractor. Details of the expenditure of the contingency provision were not made available for audit.

During site inspection, it was discovered that some provisions of the BEME were not carried out as stated. These provisions constituted job not done and the value, including the payment of contingency without detailed evidence of utilization and over-invoicing of items was put at ₦79,757,401.55 (Seventy-nine million, seven hundred and fifty-seven thousand, four hundred and one naira, fifty-five kobo).

The Managing Director has been requested to recover and pay to treasury, the sum of ₦79,757,401.55 (Seventy-nine million, seven hundred and fifty-seven thousand, four hundred and one naira, fifty-five kobo) being value of work not done and unexplained expenditure, furnishing recovery particulars for verification.

All the issues raised were communicated to the Managing Director through my Audit Inspection Report Reference No. OAuGF/P&PAD/NDBDA/05 dated 20th July, 2016. His response is still being awaited.

THE NATIONAL GALLERY OF ARTS, ABUJA

5.06 While examining the books of capital expenditure of the National Gallery of Arts, the following observations were made:

(a) A consultancy contract to organize and manage National Gallery of Arts Management/Curators Retreat was awarded to a company in the sum of ₦7,000,000.00 (Seven million naira) on 1st December 2013. A payment voucher was raised for the contract sum on the same day the contract was awarded, contrary to extant regulations. All relevant supporting documents to back up the payment were not sighted, lending credence to the fact that the voucher was raised to effect payment without work done.

The Director-General has been requested to:

(i) Explain the rationale behind the payment for the contract on the same date it was awarded.

(ii) Show evidence of value-for-money or recover and pay to treasury the sum of ₦7,000,000.00 (Seven million naira), furnishing recovery particulars for verification.

(b) The contract for the construction of Nupe Gallery of Arts and Culture, Niger State was awarded to a company in 2012 in the sum of ₦80,754,617.75 (Eighty million, seven hundred and fifty-four thousand, six hundred and seventeen naira, seventy-five kobo). Upon further examination, it was observed that the sum of ₦5,061,074.91 (Five million and sixty-one thousand and seventy-four naira, ninety-one kobo) was charged as "Contingencies" in the Bill of Quantities (BOQ). The sum of ₦98,814,839.88 (Ninety-eight million, eight hundred and fourteen thousand, eight hundred and thirty-nine naira, eighty-eight kobo) inclusive of VAT and WHT, was paid

to the contractor at the end of the project. This in effect means that an overpayment has occurred and the contractor did not pay the relevant Withholding tax (WHT).

Contingency provision in contract awards do not always occur, where they do, extant regulations provide that they be activated by a contractor's written application detailing item by item requirements and costs, subject to approval of the awarding body. Contingency provisions are accounted for and should not be seen as grants and allowances for sundry purposes.

Additional work of constructing a borehole and overhead tank was awarded to the contractor in 2014, in what appeared to be contract variation without recourse to relevant regulations guiding such. Audit examination of relevant documents of this contract revealed that the case of over-payment was effectively established.

Cases of over-invoicing were equally noted, for example, the price of 1.5 horse power of submersible pumping machine was put at ~~₦450,000.00~~ (Four hundred and fifty thousand naira) whereas the market price of the machine was ~~₦50,000.00~~ (fifty thousand naira).

The Director-General has been requested to:

- (i) Produce for audit examination, the breakdown of ~~₦5,061,074.91~~ (Five million and sixty one thousand, seventy four naira, ninety one kobo) that constitutes the contingencies as stated by the contractor, or recover and pay to treasury, the sum of ~~₦5,061,074.91~~ (Five million, sixty- one thousand and seventy-four naira, ninety-one kobo), furnishing recovery particulars for verification.
- (ii) Show evidence of recourse to valid regulations on variation and subsequent approval before it was applied; or recover and pay to treasury the sum of ~~₦18,060,222.13~~ (Eighteen million and sixty thousand, two hundred and twenty-two naira, thirteen kobo) being total over-payment of contract sum, furnishing recovery particulars to for verification.
- (iii) Explain why the payment was made inclusive of 5% WHT suggesting that the contractor did not pay the mandatory tax. To recover and pay to treasury, the sum of ~~₦4,940,741.95~~ (Four million, nine hundred and forty thousand, seven hundred and forty-one naira, ninety-five kobo) being over-payment to the contractor, furnishing recovery particulars for verification.
- (iv) Desist forthwith from awarding and paying for contract inclusive of WHT as this constitutes loss of government revenue.

All the issues raised were communicated to the Director-General through my Audit Inspection Report Reference No. OAuGF/P&PAD/NGA/08 dated 21st September, 2015. However, his response dated 7th October 2015 was unsatisfactory.

FEDERAL MINISTRY OF PETROLUUM RESOURCES

5.07 At the Ministry of Petroleum Resources, the following observations were made:-

(a) While examining the books of Capital Expenditure of the Ministry, it was observed that the Ministry, contrary to extant regulation which states that "Expenditure shall strictly be classified in accordance with the Estimate, and vote must be applied only to the purpose for which the money is provided", spent the sum of ~~₦~~23,642,000.00 (Twenty-three million, six hundred and forty-two thousand naira) from the Capital project funds for procurement of Sallah/Christmas welfare package to staff of the ministry. This is an abuse of the 2014 Approved Estimates of the Ministry as there was no appropriation or provision for these in the Ministry's Budget.

The Permanent Secretary has been requested to recover and pay to treasury, the sum of ~~₦~~23,642,000.00 (Twenty-three million, six hundred and forty-two thousand naira) being inappropriate expenditure, furnishing recovery particulars for verification.

(b) The contract for the supply of Schneider biros worth ~~₦~~14,574,000.00 (Fourteen million, five hundred and seventy-four thousand naira) was split into smaller packages of less than ~~₦~~5,000,000.00 each and awarded to 4 (Four) different companies in order to circumvent the Permanent Secretary's approval threshold of ~~₦~~5,000,000.00 (Five million naira).

Similarly, the contract for the printing of the Ministry's Letter-Headed paper worth ~~₦~~46,645,000.00 (Forty-six million, six hundred and forty-five thousand naira) was also split and awarded to 11 (Eleven) different contractors.

Also, the contract for supply of toners worth ~~₦~~56,418,135.00 (Fifty-six million, four hundred and eighteen thousand, one hundred and thirty-five naira) was split and awarded to 17 (Seventeen) different contractors.

The action of the Permanent Secretary contravened Section 20(e) of the Public Procurement Act in respect of tender splitting.

The Permanent Secretary has been requested to explain this contravention of the Public Procurement Act, 2007.

(c) Amounts totaling ~~₦~~32,783,052.00 (Thirty-two million, seven hundred and eighty-three thousand and fifty-two naira), meant for IPPIS training and other programmes, were paid through the bank accounts of staff of the Finance and Accounts Department instead of paying the approved amounts directly into the bank accounts of the bona-fide beneficiaries, as required by the E-payment policy.

The Permanent Secretary has been requested to stop forthwith, the circumvention of the e-payment policy as well as provide documentary evidence of receipt by the bona-fide beneficiaries of the total sum of ~~₦~~32,783,052.00 (Thirty-two million, seven hundred and eighty-three thousand and fifty-two naira) failing which, the full amount should be recovered.

(d) An expenditure entry of ~~₦~~718,911,848.00 (Seven hundred and eighteen million, nine hundred and eleven thousand, eight hundred and forty eight naira) was made in

the Cashbook as payments to 11 (Eleven) corporate bodies for different services rendered. Surprisingly, no further documents regarding this payment were produced for audit review despite repeated request, contrary to Financial Regulation 110 which states that "the Auditor-General or his representative 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 unit".

Expenditure of this magnitude without documents explaining and supporting the genuineness of these payments cannot be accepted as legitimate charges against public funds.

The Permanent Secretary has been requested to produce all documents relating to this payments, otherwise, recover and pay to treasury, the sum of ₦718,911,848.00 (Seven hundred and eighteen million, nine hundred and eleven thousand, eight hundred and forty-eight naira) being expenditure un-accounted for and furnish recovery particulars for verification.

(e) The consultancy contract awarded to a company for Local Training/Workshop for officers on Grade Level 07 to 10 in 2014, at a total cost of ₦11,214,000.00 (Eleven million, two hundred and fourteen thousand naira), was split into three and awarded the same day (24/11/14). The Bureau of Public Procurement (BPP) in its approved revised threshold for service wide application provides that Accounting Officers of Ministries can only exercise authority for consultancy services less than ₦5,000,000.00 (Five million naira). The splitting of the consultancy contract into three (3) by the Permanent Secretary contravened Section 20(e) of the Procurement Act, 2007, in respect of tender splitting.

The Permanent Secretary has been requested to explain the recourse to contract splitting and the consequent flagrant disregard to the provisions of the BPP Guidelines on threshold limits on contract awards.

(f) The total sum of ₦145,591,400.00 (One hundred and forty-five million, five hundred and ninety-one thousand, four hundred naira) was approved by the Ministerial Tenders Board (MTB) and paid to a management staff for electronic bill board advertisements, television jingles and newspapers publications, for the campaign awareness of the Petroleum Industry Bill (PIB), instead of contract award to competent and technically experienced companies through open competitive biddings, in order to ensure transparency and accountability. Invoices and receipts of payments from the purported companies and agencies, whose services were engaged in the implementation of the above awareness programme, were not tendered for audit.

The Permanent Secretary has been requested to:

(i) Explain the rationale behind the deliberate circumvention of the procurement process by the Ministry's MTB, in approving the release of the funds to a management staff, rather than awarding contracts to competent and eligible companies, in line with procurement regulations.

- (ii) Produce for audit review, receipts, invoices, bank statements and bills for the expenditure.
 - (iii) Otherwise, recover and pay to treasury, the sum of ₦145,591,400.00 (One hundred and forty-five million, five hundred and ninety-one thousand, four hundred naira) being un-accounted for expenditure, furnishing recovery particulars for verification.
- (g) Contrary to procurement process, an entry in the Cashbook for the sum of ₦98,400,000.00 (Ninety-eight million, four hundred thousand naira) was made in favour of a company for printing of leaflets for the awareness campaign programme for the Petroleum Industry Bill (PIB) vide P.V. No. MPR/CAP/0199/2013 of 30/12/13. There was no formal award of contract and it was also observed that approval for payment was via a memo presented by the Director (Press) to the MTB's meetings of 9th and 11th October, 2013.

The above action by the ministry is a violation of Financial Regulation 3117 (i & ii) which state that "Any accounting officer or public officer who is involved in the irregular award of contracts i.e contracts award not in compliance with the normal tenders procedures as laid down by the Bureau of Public Procurement in these regulations or any other law shall be requested to offer an explanation in writing within 21 days to a query issued on this irregularity.... and Where the award is by a Tenders Board, all members of the Board shall be sanctioned individually or collectively..."

The Permanent Secretary has been requested to take procedural disciplinary measures against the erring officers, in line with the provisions of this extant regulation, furnishing the evidence for my verification.

- (h) Contrary to procurement process, an entry in the Cashbook for the sum of ₦54,000,000.00 (Fifty four million naira) was made in favour of a company for assessment and documentation of Oil Spill sites in the ten (10) states of the Niger Delta vide P.V. No. MPR/CAP/0206/2013 of 30/12/13. There was no formal award of contract but it was observed that approval for payment was via a memo presented by the Director (Downstream) to the MTB's meetings of 9th and 11th October, 2013.

The above action by the ministry is a violation of Financial Regulation 3117 (i & ii) which state that "Any accounting officer or public officer who is involved in the irregular award of contracts i.e contracts award not in compliance with the normal tenders procedures as laid down by the Bureau of Public Procurement in these regulations or any other law shall be requested to offer an explanation in writing within 21 days to a query issued on this irregularity.... and Where the award is by a Tenders Board, all members of the Board shall be sanctioned individually or collectively..."

The Permanent Secretary has been requested to take procedural disciplinary measures against the erring officers, in line with the provisions of this extant regulation, furnishing the evidence for my verification.

- (i) Contrary to procurement process, an entry in the Cashbook for the sum of ₦25,000,000.00 (Twenty-five million naira) was made in favour of a company for

actualizing e-governance procedure: staff, contractors/consultants and visitors identification automation vide P.V. No. MPR/CAP/0199/2013 of 30/12/13. There was no formal award of contract, but it was observed that approval for payment was via a memo presented by the Director (PRS) to the MTB's meetings of 9th and 11th October, 2013.

The above action by the ministry is a violation of Financial Regulation 3117 (i & ii) which state that "Any accounting officer or public officer who is involved in the irregular award of contracts i.e contracts award not in compliance with the normal tenders procedures as laid down by the Bureau of Public Procurement in these regulations or any other law shall be requested to offer an explanation in writing within 21 days to a query issued on this irregularity.... and Where the award is by a Tenders Board, all members of the Board shall be sanctioned individually or collectively..."

The Permanent Secretary has been requested to take procedural disciplinary measures against the erring officers, in line with the provisions of this extant regulation, furnishing the evidence for my verification.

(j) Contrary to the e-payment policy of the Federal Government, the total sum of ₦39,792,000.00 (Thirty-nine million, seven hundred and ninety-two thousand naira) was paid to 178 (One hundred and seventy-eight) staff of the ministry for project monitoring and evaluation in 2014. Instead of direct payment to individual accounts, the disbursement was paid into 2 (two) persons accounts vide PV. Nos. MPR/CAP/828 /2014 and MPR/CAP/826/2014 of 02/12/14.

It was curious that 178 officers in a division of the ministry could be involved in project monitoring and evaluation at the same time. Other irregularities observed include duplication of officers names, duplication of locations, monitoring of projects outside the statutory purview of the Ministry and its Parastatals, payment of DTA and other travelling allowances to staff for monitoring Parastatals located in Abuja.

There was no evidence presented for audit review by the M&E Division for the project monitoring exercise carried out by the 178 officers despite the payment of ₦1,400,000.00 (One million, four hundred thousand naira) to the Co-ordinating Secretariat for such purpose.

To all intents and purposes, this expenditure can not be accepted as a legitimate charge against public funds.

The Permanent Secretary has been requested to recover and refund to treasury, the sum of ₦39,792,000.00 (Thirty-nine million, seven hundred and ninety-two thousand naira) and furnish recovery particulars for audit verification.

All the issues raised were communicated to the Permanent Secretary through my Audit Inspection Report Reference No. OAuGF/P&PAD/ FMPR/15 dated 18th February, 2016. His response is still being awaited.

FEDERAL MINISTRY OF YOUTH AND SPORTS DEVELOPMENT
(YOUTH SECTOR)

5.08 At the Federal Ministry of Youth and Sports Development (Youth Sector), Abuja, it was observed that:-

(a) Forty-three (43) payment vouchers for amounts totaling ₦18,815,865.92 (Eighteen million, eight hundred and fifteen thousand, eight hundred and sixty-five naira, ninety-two kobo) made up of 8 (Eight) Capital payment vouchers for a total sum of ₦11,114,006.50 (Eleven million, one hundred and fourteen thousand and six naira, fifty kobo) and 35 (Thirty-five) Overhead payment vouchers for a total sum ₦7,701,859.42 (Seven million, seven hundred and one thousand, eight hundred and fifty-nine naira, forty-two kobo) were not presented for audit examination, despite repeated demands for them.

This violates constitutional authority on Section 85 (2) of the 1999 Constitution of the Federal Republic of Nigeria and also, contravenes Financial Regulation 110 which gives my Office the authority for free access to the books of accounts and other documents relating to those accounts.

Without these payment vouchers, it will be difficult to accept these payments as legitimate charges against public funds.

The total sum of ₦18,815,865.92 (Eighteen million, eight hundred and fifteen thousand, eight hundred and sixty-five naira, ninety-two kobo) should be recovered from the payees and recovery particulars forwarded for audit verification.

(b) Audit examination of the payment vouchers revealed that store items purchased vide 7 (Seven) payment vouchers for amounts totaling ₦12,173,850.00 (Twelve million, one hundred and seventy-three thousand, eight hundred and fifty naira) were not taken on charge in the Store Ledger. This is contrary to the provision of Financial Regulation 2401 (i) which stipulates that “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”.

Furthermore, there were neither records to show that these items were issued out from the store nor evidence to show that the items purchased were for immediate use.

In the absence of these pieces of evidence, I cannot vouch that this expenditure was made in the public interest. Therefore the sum of ₦12,173,850.00 (Twelve million, one hundred and seventy-three thousand, eight hundred and fifty naira) should be recovered and the particulars for the recovery forwarded for audit verification.

(c) Contracts for amounts totaling ₦146,180,243.18 (One hundred and forty-six million, one hundred and eighty thousand, two hundred and forty-three naira, eighteen kobo) were awarded and paid for, while tax deductions totaling ₦9,208,296.00 (Nine million, two hundred and eight thousand, two hundred and ninety-six naira) were yet to be remitted to the Federal Inland Revenue Service.

The provision of Financial Regulation 234(i) states that “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 allocations of the defaulting Ministry/Extra-ministerial office and other arms of Government”.

Therefore, the statutory tax of ~~₦~~9,208,296.00 (Nine million, two hundred and eight thousand, two hundred and ninety-six naira) should be remitted to Federal Inland Revenue Service and the receipts for the remittance made available for audit verification.

(d) A total sum of ~~₦~~8,758,890.00 (Eight million, seven hundred and fifty-eight thousand, eight hundred and ninety naira), granted as cash advance to officers of the ministry to execute various services and purchase items for the ministry were yet to be retired.

These advances should be retired immediately otherwise, the total sum of ~~₦~~8,758,890.00 (Eight million, seven hundred and fifty-eight thousand, eight hundred and ninety naira) should be recovered from the officers involved.

All these issues have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/AIR/FMYD/2015/1 dated 29/7/2016. His response is still being awaited.

FEDERAL MINISTRY OF YOUTH AND SPORTS
(NATIONAL SPORTS COMMISSION)

5.09 At the National Sports Commission, Abuja, the following observations were made:-

(a) Examination of the store records along with the relevant payment vouchers revealed that most of the purported purchases and receipt of the items were either not actually supplied or when supplied, they were delivered after the tournaments and without requisition or knowledge of user Department and above all, not sighted or inspected and verified by the Store Officer and Store Verifier. Besides, flagrant violations of purchase procedure as contained in the Financial Regulations and Procurement Act 2007, were committed.

As a result of the irregularities, the sum of ~~₦~~109,952,060.00 (One hundred and nine million, nine hundred and fifty-two thousand and sixty naira) only expended on the items should be recovered and recovery particulars forwarded for verification.

(b) Verification of 14 (Fourteen) retirement vouchers showed that most of the retirements were not satisfactorily carried out because of the following reasons:-

(i) Events happening in Lagos but retirement invoice obtained in Abuja.

- (ii) Some of the retirement invoices were observed to have been over inflated.
- (iii) Some retirement invoices were not relevant to the services rendered. For instance, plumbing, carpentry receipts were used to retire purchase of medical equipment.

As a result of the above lapses, the expenditures totaling ~~₦~~299,670,540.00 said to have been made could not be accepted as legitimate charges against public funds and should therefore be recovered, with recovery particulars forwarded for verification.

(c) One hundred and sixty-nine (169) payment vouchers for sums amounting to ~~₦~~497,999,046.00 (Four hundred and ninety-seven million, nine hundred and ninety-nine thousand and forty-six naira) were hidden and not presented for audit verification. This violates Financial Regulation 110 and Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 which gives my Office free access to all books of account and other related documents.

As a result of the above anomaly, the expenditures made on the above payment vouchers are doubtful and should be recovered from the payees forwarding recovery particulars for verification.

(d) Ten (10) payment vouchers for amounts totaling ~~₦~~37,185,000.00 (Thirty-seven million, one hundred and eighty-five thousand naira) were paid from the Capital vote allocation for executing various services. However, during inspection of the jobs claimed to have been executed, it was discovered that they did not show any appreciable work to justify the amounts expended. It appears that money was just spent for non-existing services/work in violation of Financial Regulation 415. This money should be recovered.

(e) Four (4) payment vouchers totaling ~~₦~~13,700,000.00 (Thirteen million, seven hundred thousand naira) were paid for organizing and executing Federal Public Service Games, a yearly programme aimed at enhancing the physical fitness of public servants. However, audit verification revealed that the National Sports Commission is not usually involved in funding the programme. Further verification showed that this event was last held in 2011.

This money should be refunded and the refund particulars forwarded to my Office for verification.

All these issues have been communicated to the Permanent Secretary through my Audit Inspection Report Ref. No. OAuGF/AIR/NSC/VOL.1/16 dated 19/5/2016. His response is still being awaited.

SECTION 6

**PERIODIC CHECKS
OF STATUTOY
BODIES**

PERIODIC CHECKS OF STATUTORY BODIES:

PART A EXTRA-MINISTERIAL DEPARTMENTS

SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AGENCY (SMEDAN)

6.01 During the audit examination of records and books of account of Small and Medium Enterprises Development Agency, the following observations were made:

(a) Audit review of the Internal Auditor's reports of the Agency made available revealed in paragraph 12 and 13 of December 2013 Report, a total amount of ₦299,309,877.18 (Two hundred and ninety-nine million, three hundred and nine thousand, eight hundred and seventy-seven naira, eighteen kobo) as outstanding unretired advances made up as follows:-

(i)	Advances (Paragraph 12 of the report)	-	38,604,515.18
(ii)	Advances for programs (Para. 13)	-	260,705,362.00

Also, the cash advance ledger could not be produced to enable the audit team ascertain the breakdown and the beneficiaries of these advances as well as confirm if their retirements have been properly made.

The practice of not retiring cash advances by staff as stipulated by extant laws contravenes the provisions of Financial Regulation 1420 which states that "it is the responsibility of all Accounting officers to ensure that all advances granted to officers are fully recovered".

The Director-General has been instructed to produce records showing the disbursement and retirement of the various advances, otherwise the total sum of ₦299,309,877.18 (Two hundred and ninety-nine million, three hundred and nine thousand, eight hundred and seventy-seven naira, eighteen kobo) should be regarded as unaccounted for and should be refunded by the recipients.

(b) Audit examination of stores procured by SMEDAN revealed that items of store amounting to ₦25,000,000.00 (Twenty-five million naira) were not taken on store ledger charge before being put to use. This is in contravention of Financial Regulation 2402 which states that (i) 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.

This, however, hindered the verification as to whether or not the items were actually procured. The practice of deploying items of store for use without proper store records negates the internal control system and practice over the procurement process. As such, the expenditure cannot be regarded as a legitimate charge against public funds.

The Director-General was asked to produce necessary store documents to support the purchases, otherwise refund the said sum to Government coffers furnishing me with the recovery particulars for audit verification.

(c) During sample examination of payment vouchers, it was observed that six payment vouchers for amounts totaling ₦2,695,985.00 (Two million, six hundred and ninety-five thousand, nine hundred and eighty-five naira) were paid to various individuals instead of the companies that purportedly rendered the services to the Agency. Further scrutiny showed that letter of attorney/domiciliation of payment from these corporate bodies was not attached to back-up the payments.

The Director-General has since been asked to explain why these payments were not made directly into the companies accounts, otherwise he should refund the sum of ₦2,695,985.00 (Two million, six hundred and ninety-five thousand, nine hundred and eighty-five naira) into government coffers and forward the payment particulars to my Office for verification.

(d) It was observed from the audit examination of the payment records of the Agency that several payment vouchers amounting to ₦38,038,238.14 (Thirty-eight million and thirty-eight thousand, two hundred and thirty-eight naira, fourteen kobo) were paid in the period under review without being supported with relevant documents.

This practice however contravenes Financial Regulation 603, which provides that all valid vouchers will contain full particulars of each service such as, Local Purchase Order, invoices and Special letters of authorities, time sheets, receipts and date etc to enable them to be checked without further reference to any other document. None attachment of relevant documents to payment vouchers tend to raise doubts as to the authenticity and genuineness of such transactions.

The Director-General was asked to give reason for spending public funds without following due process or recover the sum of ₦38,038,238.14 (Thirty-eight million and thirty-eight thousand, two hundred and thirty-eight naira, fourteen kobo) and forward the recovery particulars to my Office for audit verification.

All these issues have been communicated to the Director-General through my Audit Inspection Report Ref. No. EM/AGR/2016/5 dated 3rd February, 2016. His response is still being awaited.

NIGERIAN BULK ELECTRICITY TRADING PLC

6.02 During the audit examination of records and books of account of Nigerian Bulk Electricity Trading Plc, the following observations were made:-

(a) Various analysis carried out on the investments made by NBET, it was noticed that it stopped the remittance of accrued interest on investment in Nigerian Treasury Bills (NTB) as well as that on sitting balances in the various accounts maintained by the company in April, 2014. This was as a result of a letter written from the Office of the Co-ordinating Minister for the Economy/Honourable Minister of Finance referenced CME-HMF/NBET/FMF/2015/006 dated March 6, 2015, which purportedly gave NBET retroactive authorization to retain all interest on investment from April 2014. The outstanding interest unremitted to Consolidated Revenue Fund stand at ₦1,535,546,034.00 (One billion, five hundred and thirty-five million, five hundred and forty-six thousand, thirty-four naira). In addition, the audit team observed the following issues with respect to retention of interest on investment.

(i) The request for waiver seeking to retain all interest made to the Ministry of Finance by Nigerian Bulk Electricity Trading Plc was dated 2nd February 2015. As at this date and before approval was given by the Minister of Finance on 6th March, 2015, NBET ought to have remitted earned interest before complaint. It would appear that the Management deliberately withheld all accrued interest on NTBs and sitting balances in anticipation of perceived approval for retention by the Ministry.

This contravened the provision of Financial Regulation 3207 which say that “All interest earned from monies placed on deposit accounts shall be paid into Consolidated Revenue Fund of the Federal Government.

(ii) The Minister of Finance cannot single-handedly jettison the provision of Financial Regulation 3207. She therefore, did not have the absolute power to grant waiver on this issue that has to do with the Consolidated Revenue Fund. The decision ought to have been made by the National Economic Council and final approval given by the President.

(iii) Whereas NBET Management relied on the contents of the Minister’s letter referenced above to contravene government’s regulations. The same letter directed that income from NTB should not be used for recurrent expenditures. It could not be ascertained that NBET did not utilize NTB income for recurrent expenditures as various monies were seen transferred from the trading accounts to Overhead and Personnel accounts for recurrent purposes.

The Managing Director/CEO was instructed to explain why he withheld remittance of earned interest in anticipation of a purported Minister’s approval for waiver of remittance, and to also remit, without further delay, the sum of ₦1,535,546,034.00 (One billion, five hundred and thirty-five million, five hundred and forty-six thousand and thirty-four naira) to the Consolidated Revenue Fund and evidence of compliance forwarded to my Office for verification.

(b) During the examination of sampled payment vouchers, it was observed that the sum of ₦14,960,260.00 (Fourteen million, nine hundred and sixty thousand, two hundred and sixty naira) were paid for courses and conferences both locally and

internationally. However, there was no evidence attached to the vouchers to show that the Courses/Conferences paid for were duly attended.

The Managing Director/CEO was instructed to make available to my Office, the certificates obtained by the participants and receipts of payments for audit verification.

(c) It was also observed from examination of payment vouchers that payments made amounting to ~~N~~34,163,948.00 (Thirty-four million, one hundred and sixty-three thousand, nine hundred and forty-eight naira) had already been made many months before the payment vouchers were sent to the Internal Audit Unit for checking. This practice constitutes flagrant violation of the provisions in the Financial Regulations 1705 which stipulates that "All payment vouchers must be pre-audited before payment by the Internal Audit Unit.

The Managing Director/CEO has been asked to explain why payments were made before Internal Audit check and the non compliance with extant regulation or the sum of ~~N~~34,163,948.00 (Thirty-four million, one hundred and sixty-three thousand, nine hundred and forty-eight naira) should be paid to the Government coffers furnishing my Office with payment particulars.

(d) NBET paid its part-time Board members allowances other than the approved sitting allowances. The Board of NBET approved the sum of ~~N~~1,505,209.00 as quarterly allowance payable to each of its part-time members. This translated to a sum of ~~N~~6,380,836.00 (Six million, three hundred and eighty thousand, eight hundred and thirty-six naira) yearly paid to each of the four part-time members. It should be noted that the National Salaries, Income and Wages Commission (NSIWC) via its Circular No. SWC/S/04/S.301/105 dated 10th June, 2010 has stated clearly the rates of allowances payable to part-time board members and Chairmen based on categories of Parastatals, Agencies, etc. Any contrary allowances ought to receive the approval of the President through NSIWC.

The Managing Director/CEO was asked to recover the sum of ~~N~~25,523,344.00 (Twenty-five million, five hundred and twenty-three thousand, three hundred and forty-four naira) en-bloc from the four former part-time Board members and remit to the Treasury immediately, with evidence provided to my Office for verification.

(e) The National Salaries, Income and Wages Commission through its circular referenced SWC/S/04/S/528/113 dated 19th September, 2013, approved compensation and benefit structure for NBET. Contrary to this, NBET created additional unapproved compensation and benefits policy document. This gave rise to payment of illegal allowances to its staff such as Holiday allowance, Communication allowance and 13th month salary, contrary to the approved salaries and allowances in the public service. There was no evidence to show that the additional compensation and benefit policy document was approved by the appropriate authorities before being adopted by the company.

The summary of these allowances are as follows:

(i)	Holiday Allowance	=	N 34,414,943.00
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(ii)	Communication Allowance	=	1,738,400.00
(iii)	13 th Month Salary	=	9,145,645.00
(iv)	Mgt. Staff Bonus Allowance for Dec., 2014	=	<u>2,200,000.00</u>
	TOTAL	=	<u>N47,498,988.00</u>

The Managing Director/CEO was asked to provide the Government approval instituting these allowances in the company or pay back the sum of ~~N~~47,498,988.00 (Forty-seven million, four hundred and ninety eight thousand, nine hundred and eighty-eight naira) to the Federal Government coffers.

(f) Five (5) payment vouchers were raised to grant staff cash advances for purchase of goods and services during the period under review to the tune of ~~N~~6,624,000.00 (Six million, six hundred and twenty-four thousand naira). This amount granted should have gone through normal contract procedures of competitive bidding in line with Circular Ref. No. TRY/A2&B2/2009 OAGF/CAD/026/V dated 24th March, 2009 which stipulates that "All local procurement of stores and services costing above ~~N~~200,000.00 shall be made only through award of contract".

The Managing Director/CEO has since been asked to furnish my Office with an explanation for the violation of the extant rules, including all retirement vouchers for the expenses and should henceforth ensure compliance with extant rules and regulations in granting advances to members of staff.

(g) A payment voucher No. NBET/DB/1512 dated 30th September 2014 in favour of a contractor for ~~N~~2,583,000.00 (Two million, five hundred and eighty-three thousand naira) (VAT and WHT inclusive) for provision and supply of drivers' uniform was observed to be over-invoiced. Market enquiries made on the various clothing items listed in the invoice revealed that Management inflated the unit cost of those items.

It is also worrisome that driving functions at NBET was outsourced, yet Management went ahead to procure drivers' uniform. The cost of the uniforms was inflated, the expenditure was unnecessary and therefore cannot be considered a legitimate charge against public funds.

The Managing Director/CEO has been asked for explanation on why he purchased drivers uniforms for an outsourced service and at inflated prices. Furthermore, he was requested to refund the sum of ~~N~~2,583,000.00 (Two million, five hundred and eighty-three thousand naira) to Government coffers with evidence forwarded to my Office for verification.

(h) During the period under review, the Agency undertook international trainings with amounts totaling ~~N~~95,320,000.00 without regards to the Presidential directive which banned such in February, 2014. There was no documentary evidence that the course fees were actually paid. There were no reports on courses attended by individual staff to give credibility to the usefulness and impact of such courses in building human capital.

The Managing Director/CEO has been asked to justify the huge expenditure on International Training which had been banned by Government, otherwise be sanctioned for deliberately disobeying Presidential directive.

(i) Board members were assigned official vehicles on permanent basis against the provision of the conditions of service for Board Members. As at the date of submission of this report, 6 (Six) Peugeot Active Sedan 508 are still in the possession of Board Members despite the dissolution of all Boards of Parastatals by the President of the Federal Republic of Nigeria. This contravened Section 7 of SGF's Circular No. 59515/S.22/T4/401, dated 25th August, 1998, that stipulates that "No member, including a part-time Chairman shall be allowed to retain an official vehicle for use on a permanent basis".

The Managing Director/CEO has been requested to recover all the vehicles from the former Board members.

(j) Huge inflation was observed on supplies carried out by some companies at NBET. A painstakingly conducted market survey, accompanied by verifiable invoices from three different suppliers, confirmed the inflation hence it was recommended that two contractors should refund the sum of ~~₦~~₦33,080,000.00 (Thirty-three million and eighty thousand naira).

The Managing Director/CEO was asked to recover the over-payments of the sum of ~~₦~~₦33,080,000.00 (Thirty-three million and eighty thousand naira) from the contractors and forward evidence of payment for verification.

(k) The audit team observed an abuse of the 2014 Appropriation Act under the code NBET3006549 on a subhead named PROJECT MANAGEMENT AND MONITORING (non tangible asset) as captioned in the Act. The sum of ~~₦~~₦154,800,000.00 (One hundred fifty-four million, eight hundred thousand naira) was voted for this expenditure. A scrutiny of the documents revealed a consultancy service to be awarded to University of Benin which has not been finalized. It was observed that the funds released for this purpose was diverted to procurement of 4 (Four) Toyota 4 Runner Jeeps, in the sum of ~~₦~~₦12,111,111.00 (Twelve million, one hundred and eleven thousand, one hundred and eleven naira) each totaling ~~₦~~₦48,444,444.00 (Forty-eight million, four hundred and forty-four thousand, four hundred and forty-four naira), from a motor vendor with invoice number 0015833 dated 28/5/2015 paid on payment voucher No. NBET/HR/SCDC/2014/1410. This is an act of misappropriation.

The Managing Director/CEO has been informed of this gross abuse of public funds and asked to refund the mis-applied amount and forward the refund particulars for verification.

(l) Funds in form of escrows in the possession of this Agency have been grossly mismanaged. These escrows are as stated below:

(A) **EGBIN ESCROW AGREEMENT**

FCMB ESCROW ACCOUNT BPE/NBET 2435507018-	₦30,000,000.000
UBA ESCROW ACCOUNT BPE/NBET 1017699148 -	₦10,000,000,000.00
FBN ESCROW ACCOUNT BPE/NBET 2024063360 -	₦10,000,000,000.00

The following observations were made:-

- (i) There was no execution date, as the agreement only stated 2013. This has been left out deliberately and arouses suspicion of malpractices. This is evidenced by a mail sent by the Legal Counsel to Bureau of Public Enterprises (BPE), asking for this information which was never replied.
- (ii) As stated in the original draft agreement, the rate of interest generated on escrow funds shall be agreed between BPE, NBET and the escrow agents (banks) but subsequent manipulated agreement sighted states "The interest shall be CONCESSIONARY taking into account a reasonable compensation of the escrow agents in the CONSIDERATION for their OBLIGATION under the agreement".

The minutes of the meeting that decided the CONCESSIONARY rate and the OBLIGATION of the escrow agents necessitating any form of CONSIDERATION as well as the identities of the attendants and parties to the proposed and implemented 0.025 percent interest on the escrow fund should be produced.

It is pertinent to note the financial mismanagement in the sum of over ~~₦~~5,000,000,000.00 (Five billion naira) which would have been realized on the investment of the funds in Nigeria Treasury Bills at interest rate of 10%.

(B) **OLORUNSOGO POWER PLANT**
 OLORUNSOGO ESCROW AGREEMENT
 FIRSTCITY MONUMENT BANK IBAN
 GB555CBL60910412544458, \$10,110,000.00

(C) **OMOTOSHO POWER PLANT**
 OMOTOSHO ESCROW AGREEMENT
 DIAMOND BANK PLC IBAN 021000089, ~~₦~~10,110,000.00

Examined documents revealed a meagre interest rate on this escrow at 0.5%. I have requested to know the interest of the parties to this agreement and the reasons for negotiating such ridiculously low interest rate. There is a cloud of uncertainty surrounding the status of this account. Documents revealed that the account was to be re-denominated but confirmation of this was not presented during the audit exercise.

The Managing Director/CEO was requested to produce the following documents and evidence:

- (i) Detailed schedule of the 5 accounts showing all interests accrued in the period.
- (ii) Detailed document declaring the status of the alleged re-denominated accounts and reasons for this action.
- (iii) Detailed financial and economic analysis defending all decisions regarding interest rates.
- (iv) All minutes of meetings and deliberations on decisions for fixing the interest rates and parties involved.

The Managing Director/CEO was given two weeks to produce the requested documents and information, but he failed to comply with the deadline.

All the observations have been forwarded to the Managing Director/CEO through my Audit Inspection Report Ref. No. DCS/MP.60/CORP/1/6 of 20th November, 2015. His response is still being awaited.

FEDERAL HOUSING AUTHORITY, ABUJA

6.03 During the audit of the books and records of account of Federal Housing Authority, Abuja, the following observations were made:-

(a) It was observed that the Authority does not keep proper records in the area of allottees' debts for houses and plots allocated to the public and staff. There was no subsidiary ledger maintained for debts owed by allottees on both direct sales and mortgage of houses/plots for the period under review. Furthermore, the names of some allottees were not specified in the list made available for audit. The explanation by the officers of the Authority was that the software for the preparation of such records had crashed. This could not be understood, because a back-up should have been used in case of such occurrence. Also, applications for two or more houses/plots were sometimes kept in a single file instead of each house or plot to a file.

The Managing Director has been directed to provide reasons for improper maintenance of records of allottees debt; houses/plots allocations and consequently embark on e-recording of the authority's transactions.

(b) Examination of files of Bakassi House type in Gwarinpa Estate revealed some irregularities in the issuance of same receipt numbers for different transactions and to different allottees by revenue collectors amounting to ₦5,000,000.00 (Five million naira).

The Managing Director was directed to provide the following:-

- (i) Evidence (receipt book issue note) of receipts as issued by the Accountant-General of the Federation to the Authority.
 - (ii) Carbon copies of these receipts for examination for any possible loss of government revenue.
 - (iii) Relevant bank statements and Revenue Cash Books showing the receipts of the various amounts into the account of the Authority.
 - (iv) Explain reasons for issuing the same receipt number to different persons for different transactions.
- (c) A sample of files of houses/plots in Bakassi House type, Gwarinpa II Estate made available for audit examination revealed that official receipts were issued for

money paid by allottees amounting to ~~₦~~4,500,000.00 (Four million, five hundred thousand naira) but the supporting deposit slips had no indication of the name of the bank the sum was lodged. Apart from that, the deposit slips had no official stamp of the bank. This practice is contrary to the provisions of the Financial Regulation 738 which states that “when money is paid to the bank, the duplicate copy of the bank paying-in-slip must be examined to see that it bears an acknowledgement of receipt by the bank”.

The Managing Director was requested to:

- (i) Explain why such deposit slips without name and stamp of the banks were exchanged for official receipts.
- (ii) Explain disciplinary measures taken against the revenue collectors and their supervisors.
- (iii) Show relevant bank statements and Revenue Cash Books capturing the sum of ~~₦~~4.5million in the account of the Authority and forward the recovery particulars to my Office for verification, otherwise recover the sum of ~~₦~~4.5million.
- (d) The examination of houses and plots files revealed a loss of revenue totaling ~~₦~~3,022,500.00 (Three million and twenty-two thousand, five hundred naira) incurred by applying the lower value of open market of houses instead of higher value of consideration, for the computation of consent fee.

The Managing Director was asked to explain this anomaly and recover the sum under-deducted as consent fees from the applicants, or from the staff who were involved in determining the consent fee to be paid; and forward the recovery particulars to my Office for audit verification.

- (e) An Executive Director was involved in the re-issuance of a plot of land number 169, 1 (R) 21 Road, Lugbe Estate, Abuja on 9th December, 2005 to an applicant at a value of ~~₦~~297,600.00 (Two hundred and ninety-seven thousand, six hundred naira) without seeking the direct approval of the Managing Director/CEO.

The Managing Director has been asked to explain this anomaly. His reply is being awaited.

- (f) It was discovered that Houses (on sample basis) in the Bakassi axis of Gwarinpa belonging to the Authority and valued at ~~₦~~91,586,000.00 (Ninety-one million, five hundred and eighty-six thousand naira) were allocated without recourse to the relevant authorities. Besides, some allocation letters were issued without evidence of express approval from the Managing Director/Chief Executive.

The Managing Director has been asked to explain why proper procedures were not followed to safeguard and control the allocation of public properties and provide evidence of disciplinary action taken against erring officers of the Authority. A detailed proof through bank statements that the sum of ~~₦~~91,586,000.00 was collected by the Authority should be made available for audit verification.

(g) Official receipts for amounts totaling ₦176,110,000.00 (One hundred and seventy-six million, one hundred and ten thousand naira) were issued in respect of purported payments made by allottees for houses without evidence of such payments via bank drafts, tellers or pay-in-slips in the property files. Some receipts were issued without indicating the name of the bank that issued the draft; and in some instances, the name of the bank may be indicated but the draft number will not be stated. The relevant bank statements acknowledging the payments were not made available for audit. Therefore, it was difficult to confirm the authenticity of the receipts of the above sum into the revenue account of the Authority.

The Managing Director has been asked to explain these anomalies, by stating why proper procedures and controls were not put in place to ensure effective check on the collection of revenue. Furthermore, detailed proof through bank statements that the sum of ₦176,110,000.00 (One hundred and seventy-six million, one hundred and ten thousand naira) were collected by the Authority should be made available for audit verification.

(h) During the audit of revenue records of the Federal Housing Authority, the following anomalies were observed in the remittance of the Federal Government revenue on sale of different house types allotted and sold to the persons and organizations as follows:

(i) **File No. FHA/OCE/GWA/M.BAD**

Application for the purchase of a house was made on 3rd September, 2010 and subsequently letter of offer of House 6, 331 Road, A-Close, Gwarinpa dated 5th April, 2011 was issued by FHA at the cost of ₦35,000,000.00. Examination of the records in the file and Bank Statement revealed that only the payment of ₦20,000,000.00 was received from the allottee, thereby leaving a balance of ₦15,000,000.00.

(ii) **File No. FHA/OCE/GAW/M.BAD**

Two (2) Bank drafts for ₦9million and ₦6million respectively dated 16/09/2010 paid to FHA by the allottee as initial deposit for House No. 6, 3rd Avenue, A-close, Gwarinpa II Estate, Abuja FCT were retrieved on 18/04/2011 for revalidation. Evidence of revalidation of the said bank drafts or cash deposit made was not disclosed in the file. Furthermore, another ₦20million was also claimed to have been paid by the same allottee as second and final payment for the said house. The two Bank Statements in the file had nothing to show that the payment was made by the allottee.

(iii) **House Number HSE No. 38, 5th Avenue, Gwarinpa II Estate**

Value: ₦3,181,000.00

Ref. FHA/OCE/GWA/BAK/179

Observations

(i) The property was allocated to the Allottee without an application form.

(ii) Demand Notice was raised by AGM Marketing on 29/12/2000 for ₦1,700,000.00 out of which unreceipted ₦1,500,000.00 was covered with three suspected fake

photocopied tellers of a commercial bank that was liquidated in January, 1998. See payment Schedule below:-

Date of Payment	Receipt No.	Amount Paid ₦	Remarks
26/9/200	560	400,000.00	FBN 16500 OF 29/9/2000
26/9/200	559	900,000.00	FBN 17155 of 25/9/2000
20/5/99	No Receipt	1,000,000.00	Doubtful All States Trust Bank Teller (photocopy)
4/2/99	=do=	200,000.00	=do=
23/8/99	=do=	150,000.00	=do=
24/8/99	=do=	150,000.00	=do=
21/2/2001	680	200,000.00	FBN 20111 OF 20/2/2001
7/8/2001	967	181,000.00	Liberty 456 of 7/8/2001
	TOTAL	₦3,181,000.00	

- (iii) Based on Final Demand Notice of ₦181,000.00 signed by MD/CEO on 8/5/2001 and subsequent payment of ₦181,000.00 by the Allottee; final allocation letter was issued to the allottee by the MD/CEO.
- (iv) The Estate Services Department out of curiosity constituted an investigative team headed by HE 1 Marketing on 7/8/2000. Findings revealed that the Allottee has not made any payment since allocation.
- (v) The report of non-payment was waived by the MD/CEO for a final letter of Allocation.
- (vi) The Status Report as at 2nd July, 2013 presented to the audit team remarked that the Allottee (listed as No. 1338) has fully paid for the property.
- (iv) **House Number HSE No. 17, 32 Crescent, Gwarinpa II Estate**
Value ₦3,000,000.00
Ref. FHA/LEM/GWA/BAK/37

Observation

Evidence of payments made by Allottee were photocopies of R/N 097594 and 097596 for ₦2.5million and ₦500,000.00 respectively.

- (v) **House Number HSE No. 2, Along 36 Road, B-close, Gwarinpa II Estate.**
Value ₦3,000,000.00
Ref. FHA/LEM/GWA II/BAK/150 of 8/12/98

Observation

Evidence of payment made by Allottee was All States Trust Bank Teller for ₦2million only (doubtful). The house was allocated by a staff of Federal Housing and listed (No. 1141) as fully paid. There was also two contradicting information from the same bank that the Allottee paid ₦2million and ₦1.5million (totaling ₦3.5million) on 6/11/98 on one hand and ₦2million and ₦1.006million (totaling ₦3.006million) on the other hand.

- (vi) **House Number HSE No. 97, Along 51 Crescent, Gwarinpa II Estate.**
Value ₦3,000,000.00
Ref. FHA/LEM/GWA II/BAK/311 of 27/1/99

Observation

It was observed that the above mentioned property was allocated to the Allottee by the then MD/CEO, via three (3) allocation letters (2 originals and 1 photocopy) of same date – 27/1/99 with three different signatures. FHA Receipt No. 431 acknowledged doubtful payment of ₦3million for the property. Also listed (No. 1224) as fully paid for.

- (vii) **House Number HSE No. 2nd Avenue – A Close, Kado Estate, Phase 1, Abuja**
House type: 3BR Detached Bungalow
Year of Allocation: 1998
Value: ₦600,000.00
Amount Paid: NIL
Remark: Presidential Directive

Observation

It was observed that the said copy of the Presidential approval was not attached for examination.

- (viii) **House Number HSE No. 32, 54 Road Gwarinpa II Estate**
House type: Bakassi

Observation

It was observed that there was outstanding payments by the Allottee of the property mentioned above as analyzed below

	₦
◆ Ground Rent Arrears (1998 – 2000) -	17,088.60
◆ Revised Ground Rent (2001 – 2008) -	91,139.20
◆ Ground Rent – 2009 -	22,784.80
◆ Application Fee -	10,000.00
◆ Revenue yet to be recovered -	<u>₦141,012.60</u>

The MD/CEO has been asked to explain this lack of control in the management of the Authority's revenue and to recover all outstanding revenue as enumerated above, furnishing recovery particulars for verification.

- (i) Out of twenty (20) houses from Modified Badagry selected for audit examination, the audit team was only provided with 13 files, leaving a total of seven files unexamined. This action is against the provision of the Constitution of Federal Republic of Nigeria 1999 (as amended) Section 85(2) which provides that "... and for that purpose, the Auditor-General or any person authorized by him shall have access to all the books, records, returns and other documents relating to those accounts". While Sub-section (4) states that "The Auditor-General shall have power to conduct periodic checks of all government statutory corporations, commissions, authorities, agencies, including all persons and bodies established by an act of the National Assembly".

The Managing Director of the Authority has been requested to make the remaining 7 (Seven) files available for audit examination.

(j) A sample test of names (and personal file numbers) on the pensioners' payroll against the houses allocated under the Staff Housing Scheme showed that some pensioners' file numbers were being used to allocate houses to other persons.

The Managing Director has been requested to explain the anomalies, otherwise revoke such allocations and inform my Office for further verification.

(k) It was also observed in the course of examining schedules of land allocation of both residential and commercial plots at Apo Estate, Abuja, that a total of 110 (One hundred and ten) residential plots were allocated between year 2012 and 2014 without payment of due charges to FHA and which resulted to total outstanding payments of ₦243,686,393.67 (Two hundred and forty-three million, six hundred and eighty-six thousand, three hundred and ninety-three naira, sixty-seven kobo). Similarly, a total of 12 (Twelve) plots for Commercial, Institutions, Social and Religious activities were allocated between the said periods without payment of due charges amounting to ₦177,535,200.00 (One hundred and seventy-seven million, five hundred and thirty-five thousand, two hundred naira). This brings the total outstanding charges due to FHA for both residential and other purposes to ₦421,221,593.67 (Four hundred and twenty-one million, two hundred and twenty-one thousand, five hundred and ninety-three naira, sixty-seven kobo).

From the above observations, there was a total disregard and non-compliance with paragraph 2(b) and 3 on the allocation letter issued to the beneficiaries of the respective allocations by the management of FHA.

The Managing Director/CEO was asked to give reason(s) why the total sum of ₦421,221,593.67 (Four hundred and twenty-one million, two hundred and twenty-one thousand, five hundred and ninety-three naira, sixty-seven kobo) remained outstanding and to explain why paragraph 2(d) and 3 on the allocation letter issued to the beneficiaries was not complied with. Furthermore, to he should collect the total sum of ₦421,221,593.67 (Four hundred and twenty-one million, two hundred and twenty-one thousand, five hundred and ninety-three naira, sixty-seven kobo), and forward evidence for audit verification.

(l) The schedule of allottees on Mortgage/Staff Housing Scheme for occupants of Badagry, Bonny B, Maiwa and Masfa House Types presented for audit revealed the following:-

- (i) Date of allocation was not stated in the schedule.
- (ii) Payments or deductions made to the date of preparing the schedule (2nd July, 2013) were not stated in almost all the allottees.
- (iii) Terminal date of deductions was not stated.

- (iv) An allottee of 1st Avenue, Close D, Block 8 Flat A, Bonny B House type, who according to the Schedule has fully paid ₦3,330,941,33 has outstanding balance of the same figure.
- (v) The allottee of 371 RD, HSE 23, MASFA House type who according to the table has not paid any thing out of ₦16million but was recorded as having an outstanding balance ₦15million.
- (vi) Outstanding balance from Allottees in the available record stood at ₦1,420,039,029.66 as at 2nd July, 2013.

Similarly, it was observed in Schedule of Allottees (Non Staff) of Ariba, Akure, Badagry, Bonny B, Marwa, Masfa, Owu and Block of Flats house Types that:

- (a) Dates of allocation were not stated in the Schedule
- (b) Houses were allocated to non-staff without initial commitment
- (c) House 10, Road 21, Masfa House type has not been allocated to anybody.
- (d) Block 3, Flat A – L(12 units of 2 BR) has not been allocated.
- (e) Outstanding balance from Allottees stood at ₦370,776,784.54.

The Managing Director has been requested to explain these anomalies and present updated schedules of the above house types for my verification.

- (m) In the course of examining the records of FHA properties nationwide, it was observed that the following properties were either abandoned or encroached upon:
 - (i) 78 Units of building in Yenogoa (12 – 2BR, 18-4BR and 48-3BR Terrace) at 30% completion was abandoned.
 - (ii) Landed property of about 200 hectares at Rumuokurusi, Port Harcourt ran over by P/H Expressway. 100 hectares left. No title document.
 - (iii) Landed property at Trans Amadi Phase III is still vacant and undeveloped.
 - (iv) 82 Units of houses at Odukpani, Cross River State at 85% completion was abandoned.
 - (v) Dispute over landed property in Awka, Anambra State.
 - (vi) Estate at Obada Oko – Abeokuta was abandoned and occupied illegally.
 - (vii) Vacant land in FHA Housing Estate in Kaduna encroached into by villagers.
 - (viii) 54 Units 3BR and 38 Units of 2BR at FHA housing Estate at Oshogbo fully completed but overgrown by grasses.
 - (ix) Two site (Batsari Rd and Dutsema Rd) in Kaduna at various level of completion was abandoned.

The Managing Director has been requested to revive the poor state of the above named estates/landed properties and forward a report on steps taken.

(n) It was discovered that the Authority had not made provision for the financing of its deficit of ₦324,139,591.15 (Three hundred and twenty-four million, one hundred and thirty-nine thousand, five hundred and ninety-one naira, fifteen kobo). The analysis of 2013 budget showed a total of ₦15,978,878,096.57 (Fifteen billion, nine hundred and seventy-eight million, eight hundred and seventy-eight thousand, ninety-six naira, fifty-seven kobo) as a target for revenue generation while expected expenditure was put at ₦16,303,017,687.72 (Sixteen billion, three hundred and three million, seventeen thousand, six hundred and eighty-seven naira, seventy-two kobo), giving a deficit of ₦324,139,591.15 (Three hundred and twenty-four million, one hundred and thirty-nine thousand, five hundred and ninety-one naira, fifteen kobo). The Authority would have shown how it intended to finance a deficit of ₦324,139,591.15 (Three hundred and twenty-four million, one hundred and thirty-nine thousand, five hundred and ninety-one naira, fifteen kobo).

The MD/CEO was asked to explain how the 2013 deficit was financed; and henceforth, indicate how budget deficit is to be financed in accordance with extant rules and Financial Regulation.

(o) It was noted that the Authority operates with more than three banks accounts. The Authority has 7 (Seven) bank accounts. This is a clear violation of the provisions of the extant Government Circular TRY/A3&B3/2001 OAGF/PRS/005/111/185 and Financial Regulation 701 which stipulate that the number of banks which could be used for keeping Personnel, Revenue and Overhead funds in Government establishments should be three; and on no account should bank account be opened without the express approval of the Accountant-General. The deliberate disregard to the provisions of Financial Regulation in respect of the restriction on the number of banks to maintain account with by any Government establishment is an act of gross misconduct as captured by Financial Regulation 3129 that "any officer who violates any provisions of Financial Regulation for which no sanction is specifically recommended shall be taken to have committed gross misconduct and shall be disciplined accordingly.

The MD/CEO was asked to provide reasons for disregarding the provisions of Government Circular and Financial Regulations, as well as forward the approval for the operation of the accounts from the Accountant-General.

All these issues have been communicated to the Managing Director/CEO through my Audit Inspection Report Ref. No. DCS/PROP.3/CORP/III/7 dated 7th December, 2015. His response is still being awaited.

NIGERIA COUNCIL OF LEGAL EDUCATION
(NIGERIA LAW SCHOOL) ABUJA

6.04 At Nigeria Council of Legal Education (Nigeria Law School), Abuja, the following observations were made:-

(a) Financial Regulation 3210 states among other things that 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. As at the time of the conclusion of the periodic check in March 2015, the Management of the NLS had not submitted its Audited Accounts for a period of 2011 to 2013 financial years to my Office.

(b) Audit review of the employment records of the School revealed that the school carried out employment in year 2013. However the Management of Nigeria Law School could not produce any approval from the Federal Character Commission for all the employment made during the period. No explanation was provided by the Management for not reflecting Federal character principle and due process in employing staff.

Non compliance with government laid down processes and procedures for carrying out employment rendered the engagement of the concerned staff invalid.

(c) The following general observations which show serious signs of internal control weakness were made during the visit to the Nigeria Law School.

(i) There were no store ledgers in the store to record store items purchased by the management of the Council thereby creating room for pilferages and other malpractices. The practice made it difficult for the audit team to ascertain the accuracy and genuineness of the store transactions.

(ii) Some Bank mandate were not dated i.e NLS/RAC/PROV/001/013, CLE/NLS/DA/2013/01 etc.

(iii) There were no paid stamps in some of the vouchers examined. i.e. C.093/13 dated 27/6/13, C.094/13 dated 27/6/13, C.095/13 dated 02/10/13.

(iv) The internal Auditor's stamp has no official number.

(d) It was observed from examination of payment vouchers that the Law School at various intervals made use of the Pension funds to offset expenses not related to payment of pension, contrary to extant Financial Regulation 417 which states that "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".

The Director-General has since been asked to recover the sum involved and pay same into the pension account and should desist from future misapplication of pension funds to unrelated expenses.

(e) Examination of payment records revealed that the Nigeria Law School (NLS) at several times paid a total amount of ₦34,330,500.00 (Thirty-four million, three hundred and thirty thousand, five hundred naira) to members of staff as provision and cleaning allowances in 2013 alone. The management of the School could not substantiate these payments with any approval from Salaries and Wages Commission

to enable the audit team determine the genuineness of these payments to staff. Also, no appropriation in this respect was provided in the records of NLS. The practice negates extant laws and the provision of Financial Regulation 415 which requires accounting officers to exercise due economy and that money should not be spent just because it has been budgeted or based on availability of funds.

The Director-General has since been requested to produce the authority for the payment of the allowances otherwise the beneficiaries should refund the entire amount back to government coffers.

(f) Examination of payment records revealed that the Nigeria Law School (NLS) at several times paid a total amount of ₦36,895,434.10 (Thirty-six million, eight hundred and ninety-five thousand, four hundred and thirty-four naira, ten kobo), representing 10% of consolidated salary to staff as dressing allowances in 2013 alone. The management of the School could not substantiate these payments with any approval from Salaries and Wages Commission to enable the audit team determine the genuineness of these payments to staff. Also, no appropriation in this respect was provided in the records of NLS. The practice negates extant laws and the provision of Financial Regulation 415 which requires accounting officers to exercise due economy and that money should not be spent just because it has been budgeted or based on availability of funds.

The Director-General has since been requested to produce the authority for the payment of the allowances otherwise the beneficiaries should refund the entire amount back to government coffers.

(g) It was observed that there were differences between the amount recorded in some payment vouchers and the amount recorded in the Cash book in respect of the same payment vouchers amounting to ₦9,902,368.45 (Nine million, nine hundred and two thousand, three hundred and sixty-eight naira, forty-five kobo). The value of payment vouchers should be appropriately and separately reflected in the cash book.

The Director-General was asked to explain this difference and also show a reconciliation of the differences.

(h) It was observed from the audit examination of the payment records of the Lagos campus that several payment vouchers amounting to ₦2,170,637.14 (Two million, one hundred and seventy thousand, six hundred and thirty-seven naira, fourteen kobo) were paid without being supported with relevant documents.

Financial Regulation 603 provides that all valid vouchers shall contain full particulars of each service such as Local Purchase Order, Invoices, and special letters of authorities, time sheets, receipts, and date, etc, to enable them to be checked without further reference to any other document.

The Director-General has since been asked to explain why payments were made in Lagos campus without relevant attachments as required by above extant regulation.

(i) It was also observed from examination of payment vouchers that the Lagos campus, made use of the Overhead funds to offset expenses not related to Overhead expenditure contrary to Financial Regulation 417 which states that "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".

The Director-General has since been requested to explain this anomaly and desist from future misapplication of funds to unrelated expenses.

All these irregularities have been brought to the attention of the Director-General for prompt action. His reply is being awaited.

PROJECT DEVELOPMENT INSTITUTE (PRODA)
EMENE – ENUGU.

6.05 At the Project Development Institute (PRODA), Emene – Enugu, the following observations were made:-

(a) The Institute has not submitted its audited Financial Statements since 2008 to the Auditor-General for the Federation for vetting and necessary comments as at the time of the periodic checks exercise in 2015, as required by Section 85 (3) (b) of the 1999 Constitution of the Federal Republic of Nigeria.

The Director-General of the Institute has been requested to give explanation for this Constitutional breach.

(b) Payments totaling ~~₦~~9,854,542.44 (Nine million, eight hundred and fifty-four thousand, five hundred and forty-two naira, forty-four kobo) were made without pre-payment audit. This contravenes the provision of Financial Regulation 1705 of 2009 which requires 100% prepayment audit of all checked and passed vouchers.

The Director-General of the Institute has been requested to ensure 100% pre-payment audit of all vouchers in order to avoid possible loss of public fund.

(c) The sum of ~~₦~~3,574,800.00 (Three million, five hundred and seventy-four thousand, eight hundred naira) was expended by the Institute in catering for various expenses of the Federal Ministry of Science and Technology, contrary to the directive contained in an Extant Circular, No. 59515/8.22/T4/1/401 dated 25th August, 1998 which mandates ministries not to source for their expenses from agencies which they are supervising.

The Director-General of the Institute has since been requested to recover the amount of ~~₦~~3,574,800.00 expended on the Federal Ministry of Science and Technology and furnish me with the recovery particulars for verification.

(d) Instead of paying over-time allowances to only staff of the Institute who are on GL. 04 –14 based on their performance, some management staff of the Institute were

paid over-time allowances totalling ~~₦~~342,000.00 vide PV No. 1576 dated 30/12/13 and Mandate No. 00437 dated 27/12/13.

The Director-General of the Institute has been requested to recover the money paid to those management staff who by their Grade Levels are not qualified to be paid over-time allowance.

(e) The Chairman of the Governing Board of the Institute was paid ~~₦~~450,000.00 vide payment voucher No. PDA/OC/EP/1372/13 dated 24/11/13 as cumulative outstanding balance of DTA at the rate of ~~₦~~35,000 per night instead of ~~₦~~20,000 per night.

The Director-General has been asked to recover this overpayment of ~~₦~~450,000.00 paid as the cumulative difference on all the itineraries of the Governing Board Chairman. However, recovery has not been effected, as requested.

(f) Individual cash advances exceeding the stipulated maximum of ~~₦~~200,000.00 were granted to various staff of the Institute contrary to the provision of the Circular Ref. No. OAGF.CAD.026/V of 24th March, 2009.

The Director-General has been requested to adopt strict measures to avoid future occurrence and ensure compliance with extant rules.

(g) The Institute sponsored a member of staff for ANAN induction and MCPD Training programmes in Osogbo, Osun State, from 2nd – 5th December, 2013 even where a Circular, Ref No. HCSF/PSO/784/III/2 from the Head of Service of the Federation has abolished sponsorship of professional programmes and all that will lead to staff upgrading and career progression.

All the irregularities have been communicated to the Director-General for prompt action. His reply is being awaited.

NIGERIAN EXPORT PROMOTION COUNCIL

6.06 At the Nigerian Export Promotion Council, the following observations were made:-

(a) The Financial Report of the Council revealed that a Hilux Pick-up motor vehicle valued at ~~₦~~6,000,000.00 (Six million naira) was written-off without following the provisions of the Financial Regulations. The Accounting officer can only write off an unserviceable vehicle whose value is not more than ~~₦~~500,000.00 (FR 2609a) and not a vehicle purchased and stolen in the same year of purchase. In the case of a stolen vehicle, the following procedures must be followed:

- (i) Details of the stolen vehicle to the Auditor-General and Accountant-General of the Federation.
- (ii) Evidence of Police Report on the stolen vehicle
- (iii) Completion of Treasury Form 146

- (iv) Actions against the suspects
- (v) Findings of the Board of Enquiry
- (vi) Valuation Certificate by Federal Ministry of Works.

The Executive Director/CEO has been requested to inform me about efforts made so far to recover the vehicle and give reason(s) why the laid down rules were disregarded in writing off the motor vehicle.

(b) The 2013 Financial Report presented for examination revealed that Board members expenses geometrically increased from ₦346,455.00 (Three hundred and forty-six thousand, four hundred and fifty-five naira) to ₦62,280,800.00 (Sixty-two million, two hundred and eighty thousand, eight hundred naira) for the years 2012 and 2013 respectively.

The Executive Director has been requested to provide reason(s) for the astronomical increase.

(c) It was also observed that Cash advances totaling ₦32,108,900.00 (Thirty-two million, one hundred and eight thousand, nine hundred naira) were granted to some staff of the Council for various purchases which were in excess of the stipulated amount of ₦200,000.00. Federal Treasury Circular Ref. No. TRY/A2&B2/2009 OAGF/CAD/026/V states that all Accounting officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made through award of contract. The practice is also a direct violation of the provisions of Section 15 (i) of the Procurement Act 2007 and Financial Regulation 2943 which states that all procurement of goods, works and services should be in consonant with the Act; and that a procuring entity shall apply the special procurement method of request for quotations where the value of the goods, works or services to be procured fall below the thresholds set by the Bureau from time to time. As a result of this practice, the Government has been denied the revenue accruable on 5% Value Added Tax and 5% Withholding Tax, amounting to ₦3,057,990.48.

The Executive Director has been requested to explain reasons for contravening the Procurement Act 2007 and extant circular.

(d) A total of ₦26,407,248.00 (Twenty-six million, four hundred and seven thousand, two hundred and forty-eight naira) was spent on payment of oversea tour expenses without the required approval as stated in the Public Service Rules 120102. Apart from the payment of these expenses without necessary approval, there was no documentary evidence to confirm that the journeys for which money was collected were actually embarked on.

The Executive Director has been requested to recover the sum of ₦26,407,248.00 from the 10 staff involved and furnish me with the recovery particulars for verification.

(e) Relevant supporting documents were not attached to payment vouchers amounting to ₦77,527,556.10 (Seventy-seven million, five hundred and twenty-seven thousand, five hundred and fifty-six naira, ten kobo) before payments were made. This contravenes Financial Regulations 603 which states among other things that "All vouchers shall contain full particulars of each service, such as dates, numbers,

quantities, distances and rates so as to enable them to be checked without reference to any other document such as local purchasing orders, invoices, special letters of authority, time sheet, etc”.

The Executive Director of the Council has been asked to provide all relevant documents relating to these payments for audit examination.

(f) The Council purportedly spent a total of ~~₦~~8,799,000.00 (Eight million, seven hundred and ninety-nine thousand naira) on financial request by the supervising Ministry (Federal Ministry of Investment, Trade and Industry) contrary to the directive as contained in extant Circular Ref. No. 59515/S.22/14/1/401 dated 25th August, 1998, which forbids interference of the supervising Ministry in the financial affairs of its Parastatals. No verifiable evidence of onward remittance to the supervising Ministry was provided for confirmation.

The Executive Director has been advised to reject any such request which amounts to wasteful use of the Council's resources by the supervising Ministry and recover the sum of ~~₦~~8,799,000.00 and forward the recovery particulars to me for verification.

(g) Rather than pay ~~₦~~70,499,591.57 (Seventy million, four hundred and ninety-nine thousand, five hundred and ninety-one naira, fifty-seven kobo) which was the outstanding premium due to Nobel & Lesley Insurance Brokers Ltd. on the Group Life Assurance policy of staff of the Nigerian Export Promotion Council, the Council made two instalmental payments of ~~₦~~40,249,795.79 on each instalment vide payment vouchers nos. 952/2014 dated 10/04/14 and 1826/2014 dated 18/08/14. Both payments resulted in an excess of ~~₦~~10,000,000.00 paid to the insurance broker.

The Executive Director of the Council has been requested to recover the amount of ~~₦~~10,000,000.00 overpaid to the insurance broker and furnish me with the recovery particulars for audit verification.

(h) Payment vouchers amounting to ~~₦~~69,300,600.00 (Sixty-nine million, three hundred thousand, six hundred naira) were paid by the Council without 100% pre-payment audit checks in accordance with Financial Regulation No. 1705 which stipulates that “The Head of Internal Audit unit in all MDA's 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”.

The Executive Director of the Council has been requested to explain why the provisions of Financial Regulation 1705 were disregarded in the payment process of the Council.

All the issues were communicated to the Executive Director through my Audit Inspection Report Ref. No. DCS/MISC.202/CORP/1/105 dated 15th December, 2015. His response is still being awaited as at the time of this Report in September, 2016.

FINANCIAL REPORTING COUNCIL OF NIGERIA

6.07 At the Financial Reporting Council of Nigeria, the following observations were made:-

(a) The Council paid ~~₦~~8,046,500.00 (Eight million and forty-six thousand, five hundred naira) vide payment voucher no. A0272/977A of 04/12/13, for transportation, accommodation and sitting allowance of Board members. The Board meeting for which payment was made held on Wednesday, December 4, 2013 at the Council's Office in Lagos. Rather than pay sitting allowance for only one day which was the duration of the Board meeting, the Council paid each board member for three days resulting in an overpayment of ~~₦~~4,860,000.00. It was further observed that approval was given for the payment of ~~₦~~8,010,000.00 as sitting allowances to Board members for a Board retreat that held from 18th to 21st June 2014 at Ijebu-Ode, Ogun State instead of ~~₦~~2,430,000.00 which they were entitled to. The difference of ~~₦~~5,580,000.00 was an overpayment to the Board members.

The Executive Secretary of the Council has been requested to recover the excess payment from the benefiting Board members.

(b) Examination of the Loans and Advances Register/Ledger of the Council revealed that multiple cash advances were granted to a particular member of staff without recourse to the rules governing cash advances. It was noted that the sum of ~~₦~~7,183,027.50 was still outstanding against the officer as at December, 2014.

The Executive Secretary has been requested to recover all outstanding cash advances from the officer. His reply is being awaited.

(c) The Council's records revealed that a sum of ~~₦~~8,318,375.00 (Eight million, three hundred and eighteen thousand, three hundred and seventy-five naira) was disbursed by the Council on financial request of the Federal Ministry of Investment, Trade and Industry, contrary to the provision of Circular, Ref. No. 59515/S.22/14/1/401 dated 25th August, 1998 which forbids interference of the supervising Ministry in the financial affairs of its Parastatals. As revealed from the payment mandate, out of the total amount, the sum of ~~₦~~4,600,000.00 (Four million, six hundred thousand naira) was paid through an officer's (staff) private account and there was no evidence of onward remittance to the supervising Ministry.

The Executive Secretary has been requested to ensure that the staff into whose account the sum of ~~₦~~4,600,000.00 was paid, fully accounts for the money, otherwise the money should be refunded and recovery particulars forwarded for verification. Furthermore, the Executive Secretary has been advised to reject financial requests aimed at depriving the Council of its scarce resources.

(d) A total of ₦6,000,000.00 (Six million naira) was disbursed by the Council to the National Assembly between January 2013 and December 2014. These payments contravene the provisions of Federal Circular Ref. No. SGF.6/VIII dated 8th May, 2008 which stopped the practice of MDA's initiating or acceding to the request for financial assistance or contributions to the National Assembly or its Committees to facilitate their activities, in particular in carrying out their oversight function, since every arm of Government has its own budgetary allocation to fund their activities.

The Executive Secretary has been asked to recover the sum involved.

(e) A Toyota Land Cruiser Jeep purchased by the Council in 2014 with Chassis No. JTMHX05J8E5040112, Engine No. VIURJ89C878 and Registration No. SMK 137 DC was allocated to the Council's Chairman on permanent basis, contrary to the provisions of the Administrative guidelines regulating the relationship between Parastatals/Government owned companies and the Government dated 31st July, 1999, which states on item 20(ii) on transport allowance that "No member, including a part-time Chairman shall be allowed to retain an official vehicle for use on a permanent basis".

The Executive Secretary has been requested to recover the vehicle with immediate effect.

All the irregularities have been communicated to the Executive Secretary for prompt action. His reply is being awaited.

NATIONAL BOUNDARY COMMISSION

6.08 At the National Boundary Commission's headquarters, Abuja, the following observations were made:-

(a) The Commission made a number of payments totalling ₦15,647,820.40 (Fifteen million, six hundred and forty-seven thousand, eight hundred and twenty naira) without regard to paragraph 1710 of the Financial Regulations which states that "Internal audit certification on payment vouchers and other accounting books and records examined shall be through the use of Internal Audit stamps".

The Director-General has been requested to provide detailed explanation on why some payments were made without recourse to the Internal Auditor's check and stamps.

(b) A total number of 23 (Twenty-three) paid vouchers amounting to ₦15,045,744.80 (Fifteen million, and forty-five thousand, seven hundred and forty-four naira, eighty kobo) were not posted to the Cash Book and were still outstanding as at the end of 2014.

The Director-General of the Commission has been asked to provide explanation why the vouchers were not posted to the Cashbook.

(c) Some payments totaling ₦15,175,182.50 (Fifteen million, one hundred and seventy-five thousand, one hundred and eighty-two naira, fifty kobo) were made without necessary documents such as Receipts, SRVs etc. This action contravenes the provision of Financial Regulations 603 on Payment Procedures which stipulates that “all vouchers shall contain full particulars of each service”.

The Director-General has been requested to provide all necessary supporting documents in respect of these payments for audit verification.

NATIONAL AUTOMOTIVE COUNCIL ABUJA

6.09 During the audit of the books and records of account of National Automotive Council, Abuja, the following observations were made:-

(a) Store items valued at ₦982,800.00 (Nine hundred and eighty-two thousand, eight hundred naira) purchased directly through non personal advance granted to 2 (Two) staff members of the Council were not taken on store ledger charge. Neither were supporting documents like Store Receipt Voucher raised nor store verifier’s certificate issued before usage, thus creating a doubt as to whether the items were actually purchased.

The Director-General has been asked to ensure that all assets purchased are taken on store charge henceforth. The items paid for by the Council should immediately be returned to store for store documentation, otherwise the items purchased amounting to ₦982,800.00 (Nine hundred and eighty-two thousand, eight hundred naira) will not be regarded as legitimate charge to government fund.

(b) The sum of ₦19,604,075.47 (Nineteen million, six hundred and four thousand and seventy-five naira, forty-seven kobo) being Internally Generated Revenue accrued earnings compulsory remitable mandate of 25% was observed to be outstanding and unremitted to the Consolidated Revenue Fund Account of the Federal Government as at the time of audit despite claims of payment.

The Director General has been requested to produce treasury receipt as evidence of payment of the Internally Generated Revenue balance of ₦19,604,075.47 or pay the sum into the Consolidated Revenue Fund Account and produce payment particulars for audit scrutiny.

(c) Examination of the quotation/proforma invoice and the payment documents of 2 (Two) contracts for procurement of a total of 5 (Five) vehicles revealed that the contract award sums were overstated by ₦1,951,426.95 due to wrong addition of the 5% Value Added Tax and 5% Withholding Tax to the award price instead of only 5% VAT allowed by extant government regulations.

S/N	Contract Details	Wrong Contract Sum	Actual Contract Sum (Only 5% VAT)	Difference
1.	Supply of 3 Nos Peugeot 308 Cross Over Sport – Jan., 2014	₦21,920,223.00	₦20,966,296.95	₦953,926.95

2.	Supply of Toyota Land cruiser V* 2014 American Model – 13/5/14	₦21,945,000.00	₦997,500.00	₦997,500.00
			TOTAL	₦1,951,426.95

The Director General has been requested to recover the total sum of ₦1,951,426.95 (One million, nine hundred and fifty-one thousand, four hundred and twenty-six naira, ninety-five kobo) being the difference in contract inflation from the contractor and pay to the Consolidated Revenue Fund of the Federal Government, forwarding evidence of recovery for audit verification.

(d) A total sum of ~~₦9,117,589.54~~ (Nine million, one hundred and seventeen thousand, five hundred and eighty-nine naira, fifty-four kobo) debit entry made on 23rd October, 2014 from the Gratuity Scheme Investment Deposit Administration Account was not credited into the First Bank of Nigeria, Board of Trustees NAC Pension Scheme bank Account. The sum of ~~₦63,196,389.40~~ (Sixty-three million, one hundred and ninety-six thousand, three hundred and eighty-nine naira, forty kobo) was withdrawn and debited from the accumulated principal by the Niger Insurance Plc but the actual total credit lodgments into the FBN BOT Pension Account in the same period was ~~₦54,078,799.00~~ (Fifty-four million and seventy-eight thousand, seven hundred ninety-nine thousand naira), leaving a difference of ~~₦9,117,589.54~~. (Nine million, one hundred and seventeen thousand, five hundred and eighty-nine thousand, fifty-four kobo).

The Director General has been asked to recover from the Niger Insurance Plc the sum of ~~₦9,117,589.54~~ (Nine million, one hundred and seventeen thousand, five hundred and eighty-nine thousand, fifty-four kobo) wrongly debited plus the accrued interest up to the time of refund, and recovery particulars forwarded for my perusal .

(e) The distributable benefit net balance of ~~₦144,510,071.17~~ (One hundred and forty-four million, five hundred and ten thousand, seventy-one naira, seventeen kobo) legacy fund accruable to 57 (Fifty-seven) NAC staff were not transferred to the 7 PFA's of the individual staff of the council by Niger Insurance Plc despite repeated demands.

The Director General has been requested to put pressure on Niger Insurance Plc for the transfer of ~~₦144,510,071.17~~ (One hundred and forty-four million, five hundred and ten thousand, seventy-one naira, seventeen kobo) or officially report to the National Pension Commission for appropriate sanction.

(f) Forty-two (42) personal and non-personal advances granted to some staff of the Council in 2014 totaling ~~₦12,966,785.80~~ (Twelve million, nine hundred and sixty-six thousand, seven hundred and eighty-five naira, eighty kobo) are yet to be retired contrary to the provision of the Financial Regulation 1401(iii). Many new and multiple advances were observed to have been granted to some staff without the retirement of the previous outstanding ones granted them in contravention of extant regulations.

The non retirement of the advances is an indication that they were not used in the public interest and should be recovered en-bloc from the salaries and other entitlements of the officers concerned. The recovery particulars should be forwarded to my Office for verification.

(g) A total sum of ₦3,836,000,000.00 (Three billion, eight hundred and thirty-six million naira) was irregularly withdrawn from the 2% National Automotive Council Levy Account with the Central Bank of Nigeria, Abuja in 2 installments of ₦2,800,000,000 (in 2005) and ₦1,036,000,000.00 (in 2006) by the Accountant-General of the Federation and the Federal Ministry of Finance as car loan to be granted for the Security Personnel Car Purchase Scheme Loan". The transaction was carried out by the Presidency in collaboration with the Bank of Industry, the Federal Ministry of Finance and the Accountant-General of the Federation without the involvement of NAC, the account owner. However the principal and the accrued interest from the fictitious loan have not been paid back nor are records available on the beneficiaries, agreement documents, moratorium, duration of the loan, the yearly interest rates accruable and how the fund will be paid back by the beneficiary.

The Director General has been requested to intensify correspondence with the Honourable Minister of Finance, Accountant-General of the Federation and the Presidency to recover the fund ('loan').

(h) The sum of ₦3,725,000,000.00 (Three billion, seven hundred and twenty-five million naira) was irregularly withdrawn from the 2% National Automotive Council Levy Account with the Central Bank of Nigeria between March - December 2000 in 3 separate payments of ₦725,000,000; ₦1,000,000,000 and ₦2,000,000,000 as 'loan' to NAFCON vide the Accountant General of the Federation internal memo to the Permanent Secretary, Budget Office of the Federation Ref No: DD/(R&F)22.Vol. 1158 of 27/5/2003. The 'Loan' Principal and the accumulated interest are yet to be paid since the year 2000.

The Director General has been requested to:-

- (i) Engage a correspondence with the Accountant-General of the Federation and the Honourable Minister of Finance on how to recover the said 'loan'.
- (ii) Ensure that the Accountant-General of the Federation and the Federal Ministry of Finance are asked to produce authentic evidences on the withdrawal of this monies and produce documentary details of recoveries made so far while forwarding payment particulars for audit verification.

(i) A loan in the sum of ₦2,361,042,745.00 (Two billion, three hundred and sixty-one million and forty-two thousand, seven hundred and forty-five naira) was granted to a company on 5th February, 2002 for a ten (10) year tenor with 2% interest per annum and a moratorium of 2 years. However, only the sum of ₦1,979,611,259.80 was paid back into the 2% National Automotive Council Account since 21st February 2006 through the Accountant-General's Office, Abuja, leaving a balance of ₦381,431,485.20.

The Director General had been asked to recover the outstanding loans including the accumulated interest.

(j) Four (4) unserviceable vehicles were boarded and auctioned on 24th July, 2014 to preferred bidder at the total bid price of ₦2,097,180.50 (Two million and ninety-

seven thousand, one hundred and eighty naira, fifty kobo). The vehicles were issued out with Store Issue Vouchers after the buyers had been issued payment receipts on payment of cash. However during audit checks only the sum of ₦1,617,180.50 was found both in the Bank Statement and the Cashbook, leaving a difference of ₦480,000.00 not paid to bank.

The Director General had been requested to account for the outstanding balance of ₦480,000.00 and forward recovery and remittance particulars for audit verification.

NIGERIAN PRESS COUNCIL, ABUJA

6.10 At the Nigerian Press Council, Abuja, the following observations were made:-

(a) The Council's Audited Account for the year 2014 was not submitted as required by the provision of Section 85 (2b) of the Constitution of the Federal Republic of Nigeria which stipulates that all Federal Government Parastatals should forward copies of their yearly Audited Account to the Office of the Auditor-General for the Federation for vetting and comments.

The Executive Secretary has been requested to explain the Constitutional breach.

(b) Value Added Tax (VAT) and Withholding Tax (WHT) were not deducted from 11 contract transactions totaling ₦12,845,463.27 (Twelve million, eight hundred and forty-five thousand, four hundred and sixty-three naira, twenty-seven kobo) contrary to the extant provision of Financial Regulation 234 which states that "It is mandatory for Accounting officers to ensure full compliance with the dual roles of making provision for the Value Added Tax and Withholding Tax due on supply and services contract and actual remittance of same"

The Executive Secretary has been requested to recover the amounts from the contractors and furnish me with the recovery details.

(c) A contract amounting to ₦6,215,220.00 (Six million, two hundred and fifteen thousand two hundred and twenty naira) was awarded to a company on 30/12/2014 in violation of the provision of the Public Procurement Act 2007 on tendering as well as Financial Regulation 2920 (iii) which states that "A national competitive bidding shall be advertised on the notice board of the procuring entity, two national newspapers, the website of the procuring entity and in the procurement journal at least 6 weeks before the deadline for the submission of the bid".

The Executive Secretary has been informed that it will be difficult to accept the contract transaction as a legitimate charge against public funds and therefore, he should recover the contract sum from the contractor and forward recovery particulars for audit verification.

RURAL ELECTRIFICATION AGENCY

6.11 At the Rural Electrification Agency, the following observations were made:-

(a) Excess release over actual salaries and allowances of ₦14,086,246.11 (Fourteen million, and eighty-six thousand, two hundred and forty-six naira, eleven kobo) was not returned to the treasury but was paid to staff as Productivity Bonus without appropriate approval from National Income and Wages Commission and as provided in Financial Regulation 415 that money must not be spent merely because it has been appropriated or voted for.

The Managing Director has been asked to explain why excess salary released to the Agency was not returned to treasury but spent without obtaining approval from the National Income, Salaries and Wages Commission.

(b) The total sum of ₦3,466,555.00 (Three million, four hundred and sixty-six thousand, five hundred and fifty-five naira) was expended for course fee, air tickets, estacode and travelling expenses by the Managing Director and one other in respect of a journey to the U.S.A. between 10th -16th August 2014. However no evidence of payment of course fee was presented and Ministerial approval was also not presented for audit verification.

The Managing Director has been requested to forward evidence of the Ministerial approval and particulars of payment of course fees to evidence participation in the said workshop, or otherwise pay back the sum of ₦3,466,555.00 to government chest.

NATIONAL YOUTH SERVICE CORPS, ABUJA

6.12 At the National Youth Service Corps, Abuja, the following observations were made:-

(a) It was observed that the Lagos State branch of the National Youth Service Corps incurred cash handling charges of ₦4,602,129.15 (Four million, six hundred and two thousand, one hundred and twenty-nine naira, fifteen kobo) as a result of cash withdrawals from the bank. This is an avoidable and unacceptable charge to Government. Moreso, when all the Ministries, Departments and Agencies have been mandated to operate a zero COT account as contained in a Federal Treasury Circular Ref. TRY/A8&B8/2009 OAGF/CAD/026/VOL.II/486 dated 22nd October 2008 on Implementation of E-payment from all funds of the Federal Government of Nigeria, para. 4 (viii). This expense does not qualify as a legitimate charge to public fund.

The Director-General has been requested to justify this violation of the Circular cited above and why the charges will not be recovered from the operators of the account as well as sanctioned in line with Financial Regulation 3127 and 3128.

(b) Examination of sampled payment vouchers of NYSC revealed that vouchers totaling ₦65,414,535.54 (Sixty-five million, four hundred and fourteen thousand, five hundred and thirty-five naira, fifty-four kobo) were not supported with relevant documents such as receipts, invoice, etc. This is contrary to Financial Regulation 603

which states that “all vouchers shall contain all particulars of each service, such as dates, numbers, quantities, distances, rates, as to enable them to be checked without reference to any other documents. They are to be supported by relevant documents such as local purchase orders, invoice, special letters of authority, time sheets etc”.

The Director-General has been requested to explain why payments should be made without relevant supporting documents and also forward the supporting documents to my Office, otherwise the expenditure will not be accepted as a legitimate charge to public funds.

(c) It was observed that some state offices of NYSC made several payments totaling ₦115,778,287.28 (One hundred and fifteen million, seven hundred and seventy-eight thousand, two hundred and eighty-seven naira, twenty-eight kobo), but the associated payment vouchers were not presented for examination. It was not possible to confirm whether the payments were in public interest. Refusal to make the payment vouchers available for audit examination is an indication that the expenditures may not have been in the interest of the public.

The Director-General has been requested to explain why the payment vouchers were not made available for audit examination and also forward them to my Office, otherwise the expenditure will not be accepted as a legitimate charge to public funds.

NATIONAL CEREALS RESEARCH INSTITUTE BADEGGI

6.13 At the National Cereals Research Institute Badeggi, the following observations were made:-

(a) The Institute granted salary advances totaling ₦4,413,359.69 (Four million, four hundred and thirteen thousand, three hundred and fifty-nine naira, sixty-nine kobo) to some members of staff who were neither on transfer out of their present location nor employed by the Institute during the period under review. This contravenes the provisions of Financial Regulation 1406 to 1408 which specifies the conditions under which salary advance may be granted.

It was further observed that when these advances were recovered, they were paid into the Overhead account of the Institute and a personal account of staff of the Institute, instead of the Treasury. This is a clear case of misappropriation, as money meant for payment of salary and the unspent balance that ought to have been refunded to the Treasury at year end, was appropriated by the Institute for different uses.

The Executive Director has been requested to explain why these staff of the Institute were granted salary advances and the recovered advances diverted into the Institute’s Overhead Account and a personal account of staff.

(b) It was also observed that the Institute paid ₦10,293,667.00 (Ten million, two hundred and ninety-three thousand, six hundred and sixty-seven naira) to persons

other than the ultimate beneficiaries. Upon enquiry, the audit team gathered that those payments were intended to be transmitted to the final beneficiaries by the payees in whose names those payments were made. It was further observed that in all cases, no evidence was provided to confirm that the intended beneficiaries received the payments. This practice is a violation of Federal Treasury Circular TRY/A8&B8/2008 OAGF/CAD/06/VOL.II dated 22nd October, 2008 which states among other things that:

- (i) 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 be paid;
- (ii) On no account should Central Pay Officers (CPO) collect cash from bank for the purpose of disbursement to any government official.

Furthermore, Financial Regulation 601 and 613 state that payments shall be made only to the person(s) named in the voucher.

The Executive Director has been requested to explain why the Federal Government Circular cited above was not complied with.

(c) During audit examination, it was observed that various payment vouchers on which payments were made from Pension Account totaling ₦4,904,882.98 (Four million, nine hundred and four thousand, eight hundred and eighty-two naira, ninety-eight kobo) were not made available for audit examination. All efforts to sight these vouchers proved abortive. It was difficult to establish the actual existence of these vouchers through which public funds were disbursed.

The Executive Director has been requested to show proof that these payments were actually made to the named beneficiaries and in the public interest, or else the beneficiaries should refund the money to government coffers.

NIGERIAN COPYRIGHT COMMISSION

6.14 At the Nigerian Copyright Commission, the following observations were made:-

(a) Payments amounting to ₦3,990,000.00 (Three million, nine hundred and ninety thousand naira) were made on 8 (Eight) payment vouchers without due process and attachment of necessary supporting documents in accordance with Financial Regulation 603 which stipulates that all payment vouchers should be supported with relevant documents such as LPO, invoices, receipts, due process certificates, quotation from competitive bidders, contract agreement, certificate of registration of contractors, store receipt vouchers, etc.

The Director-General/CEO has been requested to provide explanation on this apparent contravention of Financial Regulations and Public Procurement Act 2007.

(b)(i) Amounts of money ranging from ₦25,000.00 to ₦33,000.00 totalling ₦4,860,000.00 (Four million, eight hundred and sixty thousand naira) were paid

monthly to the Heads of Department as vehicle maintenance allowance. Overhead payment vouchers revealed that normal claims were still made for maintenance of the same vehicles. However, there was no approval provided to back up this allowance from the National Salaries, Income and Wages Commission or any other source.

- (ii) The Commission also paid some amounts of money ranging from ₦9,000.00 and above amounting to ₦2,544,000.00 (Two million, five hundred and forty-four thousand naira) to some officials as monthly allowance for telephone expenses.
- (iii) The Commission paid some staff the sum of ₦260,000.00 monthly totalling ₦3,120,000.00 (Three million, one hundred and twenty thousand naira) for settling telephone bills via imprest. The audit team was not given any approval from the authorities to justify the allowance.

The Director-General has been requested to provide the approval to justify the payment of this allowance.

- (c) It was also observed (in a letter) that the renewal of annual rent for 2 (Two) years amounting to ₦48,000,000.00 (Forty-eight million naira) for a property occupied by the Commission as Annex office is inclusive of 15% agency/legal charges. However, the Commission went ahead to pay the 15% additional Agency fee of ₦7,200,000.00 (Seven million, two hundred thousand naira) whereas there ought not to have been any agency fee in the first place, since it was a mere renewal of rent.

The Director-General/CEO has been requested to recover the sum of ₦7,200,000.00 (Seven million, two hundred thousand naira) from the agent and remit to the Treasury. Evidence of recovery should be forwarded for verification.

The attention of the Director-General/CEO has been drawn to these deficiencies for his prompt action. His response is being awaited.

PETROLEUM TECHNOLOGY DEVELOPMENT FUND (PTDF)

6.15 At the Petroleum Technology Development Fund (PTDF), the following observations were made:-

- (a) Several contracts amounting to ₦21,714,671,231.60 (Twenty-one billion, seven hundred and fourteen million, six hundred and seventy-one thousand, two hundred and thirty-one naira, sixty kobo) were awarded and paid for the construction of buildings and road drainage, upgrading some universities and polytechnics, renovation of senior staff club, sewage treatment, parking lot, dual carriage way etc during the period under review.

These projects involve huge capital expenditure and are purely outside the core mandate of the Fund. Chapter P15 Petroleum technology development Act specified the purpose of the Fund as follows: "The fund shall be available for the purposes of training Nigerians to qualify as graduate, professionals, technicians and craftsmen, in

the fields of engineering, geology, science and management in the Petroleum Industry in Nigeria or abroad; and in particular; and without prejudice to the generality of the foregoing, the Fund shall be utilized as follows:-

- (i) To provide scholarships and bursaries, wholly or partially in universities, colleges, institutions and in petroleum undertakings in Nigeria or aboard.
- (ii) To maintain, supplement, or subsidize such training or education as specified in paragraph (a) of this Section:
- (iii) To make suitable endowments to faculties in Nigerian universities, colleges, or institutions approved by the Minister;
- (iv) To make available, suitable books and training equipment in the institutions specified in paragraph (c) of this Section.
- (v) For sponsoring regular or as necessary visits to oil fields, refineries, petro-chemical plants, and for arranging any necessary attachments of personnel to establishments connected with the development of the petroleum industry; and
- (vi) For financing of and participation in seminars and conferences which are connected with the petroleum industry in Nigeria or abroad.

The Executive Secretary has been requested to provide explanation for operating outside the mandate of the Fund.

(b) Examination of records of the Fund revealed that the sum of ~~₦4,046,555,422.00~~ (Four billion and forty-eight million, five hundred and fifty-five thousand, four hundred and twenty-two naira) was realized from investments in local and foreign banks during the period under review as follows:

YEAR	LOCAL BANKS ₦	FOREIGN BANKS ₦	TOTAL ₦
2011	2,369,422,945.00	96,730,847.50	2,466,153,792.50
2012	1,307,238,436.00	5,732,876.50	1,312,971,312.50
2013	267,430,317.00	-	267,430,317.00
TOTAL	3,944,091,698.00	104,463,724.00	4,046,555,422.00

There were no treasury receipts made available to the audit team to confirm that the proceeds from the investment were remitted to the Consolidated Revenue Fund. This is in violation of Federal Circular TRY/A5&B5/2009 OAGF/CAD/026/V32 of 29th June, 2009, titled "Guidelines on investment of Idle funds in Nigeria", which among other things provided that "realized interest on all investments shall be accounted for and be immediately remitted to the Sub-Treasurer of the Federation. All interest received shall be paid into the Consolidated Revenue Fund account maintained with the Central Bank of Nigeria. The non-remittance also violates Financial Regulation 3207 which stipulates that all interest earned from Fund placement shall be paid into Consolidated Revenue Fund.

The Executive Secretary has been requested to remit the total amount of ~~₦4,048,555,422.00~~ (Four billion and forty-eight million, five hundred and fifty-five

thousand, four hundred and twenty-two naira) to the Consolidated Revenue Fund and to forward the relevant treasury receipts for audit verification.

(c) Payments amounting to ~~₦~~19,582,640.00 (Nineteen million, five hundred and eighty-two thousand, six hundred and forty naira) were disbursed to staff for procurement of various goods and services but they were not treated as cash advances, rather they are charged off immediately to the expenditure codes as at the time of raising the payment vouchers, before the procurement of the acclaimed items. Consequently, these disbursements to the officers were not entered as debtors in the advance ledger. It might be difficult to account for the funds disbursed if the transaction did not eventually take place since the expenditure heads had earlier been debited directly.

The Executive Secretary has been requested to:

- (i) Provide evidence of retirement of the total sums disbursed, otherwise the total amount should be recovered from the respective payees' salaries and allowances while recovery particulars should be forwarded to my Office for confirmation.
- (ii) Ensure that all future direct disbursement of cash to officers are properly accounted for by classifying them as cash advance and entering them in the advances ledger.

(d) The sum of ~~₦~~25,750,000.00 (Twenty-five million, seven hundred and fifty thousand naira) was paid to scholars for the purpose of carrying out research into oil and gas. The money was meant to be paid to some selected researchers, but rather than paying the beneficiaries (i.e. the researchers) directly through their individual bank accounts, the sum was paid to personal accounts of the scholars who are the coordinators of the researchers. This practice apparently contravenes Federal Government guideline on electronic payment system (i.e. E-payment). Also, documentary evidence to confirm that the amount was paid to the target beneficiaries was not presented for our audit verification. Consequently, it was difficult to confirm the genuineness of the transaction. Furthermore, the research reports were not made available for audit verification.

The Executive secretary has been requested to furnish my Office with the details of utilization of the fund by the payees as well as the Report of the Research, for review and confirmation.

(e) Various payments totaling ~~₦~~594,750,000.00 (Five hundred and ninety-four million, seven hundred and fifty thousand naira) were made to the Nigerian Institute of Welding, Warri, as course fee for Welders training and Certification programme. Lists of beneficiaries and evidence of attendance at training sessions that would authenticate the genuineness of the transactions were not attached to the payment vouchers. Consequently, it was difficult to confirm the genuineness of the transactions, since the attendance list was not attached to the payment vouchers.

The Executive Secretary has been requested to provide explanation supported with attendance list of beneficiaries of the Trainings and other evidence to prove the genuineness of the transactions.

(f) The Fund paid ~~₦~~63,000,000.00 (Sixty-three million naira) for Technology enhancement Teaching and Learning Programme for 300 participants. It was observed that the list of the 300 trainees was not attached to the payment vouchers. Implementation of the training programme would appear to be doubtful as evidence such as report of the training programme, attendance list during trainings, etc were not attached. Evidence of onward disbursement of transportation allowance to the trainees was not attached, therefore the disbursement is also doubtful. Payment of the ~~₦~~6,000,000.00 (Six million naira) as transport to participants violated the Federal Government Policy on E-payment.

The Executive Secretary has been requested to forward to my Office documentary evidence to confirm that the programme took place and that the transport allowance was indeed disbursed to the trainees as claimed.

(g) Audit examination of the records of the Fund revealed that contract for supply and installation of Generating sets, Transformers and Accessories at the Cross River State University of Technology, awarded and paid for in 2011 at the cost of ~~₦~~23,229,594.00 (Twenty-three million, two hundred and twenty-nine thousand, five hundred and ninety-four naira), was also included in the contract for the supply and installation of Generator/Solar Panels, Transformer, Inverters, Batteries and Accessories in 146 ICT Centers nationwide in 2013 at the overall cost of ~~₦~~3,097,282,530.00 (Three billion and ninety-seven million, two hundred and eighty-two thousand, five hundred and thirty naira) to a different contractor. The project was listed as no 34 in the new contracts' schedule at the value of ~~₦~~21,198,655.00 (Twenty-one million, one hundred and ninety-eight thousand, six hundred and fifty-five naira).

The Executive Secretary has been requested to explain this duplication of the contract and recover the ~~₦~~21,198,655.00 (Twenty-one million, one hundred and ninety-eight thousand, six hundred and fifty-five naira). Forwarding the recovery details to me for verification.

All the issues were communicated to the Executive Secretary through my audit Inspection Report Ref. No. DCs/MP.25/CORP/T/13 dated 26th January 2016. His response is still being awaited.

PART B: HEALTH AND ALLIED INSTITUTIONS

NATIONAL HOSPITAL, ABUJA

6.16 At the National Hospital Abuja, the following observations were made:-

(a) A total sum of ~~₦~~522,331,470.00 (Five hundred and twenty-two million, three hundred and thirty-one thousand, four hundred and seventy naira) was spent over the approved Capital Expenditure Budget of the Hospital in the 2013 financial year. The amount was from the Internally Generated Revenue (IGR) of the Hospital, in contravention of the provision of Financial Regulation 301 which stipulates that “The Annual Estimates and Appropriation Act are instruments used to limit and arrange the disbursement of the funds of the Federal Government. No expenditure may be incurred except on the authority of a warrant issued by the Minister of Finance. No expenditure may be incurred by any officer on any service, whether or not included in the Estimates, until he has received an authority to do so in accordance with one of the following provisions in these rules and regulations. Any officer controlling a vote, or part thereof, who incurs expenditure without such authority does so on his sole responsibility and will consequently be held pecuniarily responsible for his actions”.

This act exhibited an abuse of office, financial impropriety and total disregard for budgetary processes and the Appropriation Act. Hence I called for the Chief Medical Director’s explanation.

In his response dated 14th April 2016, the Chief Medical Director concurred with my observation but explained that “the Management decided to use this amount to ensure that the National Trauma Centre was completed on time”, as the project was very critical to the Hospital. He explained further that the Hospital did not actually exceed its Capital Budget but only used the funds to make-up for the shortfall in its Capital releases for 2013.

The Chief Medical Director’s explanation is not tenable. If every Government agency begins to spend its revenues according to its discretion, then there will be no common funds to run government. I have requested the National Hospital to furnish me with full information on their IGR for 2013 and details of remittances of revenue to the Federal Government in that year. The further response of the Chief Medical Director is being expected.

(b) The contract for the supply of surgical instruments for the Trauma Centre, worth ~~₦~~91,683,268.00 (Ninety-one million, six hundred and eighty-three thousand, two hundred and sixty-eight naira) was split into 2 bits of ~~₦~~43,794,679.44 and ~~₦~~47,888,588.56 and awarded to the same contractor, to bring the 2 smaller contracts

under the approval threshold of the Hospital Tenders Committee, instead of referring it to the Ministerial Tenders Board under whose threshold the contract rightly falls. The 2 contracts were paid for on the same day – 23rd December, 2013. This action clearly violates the provisions of the Public Procurement Act, 2007 and the Financial Regulations which provide that it is an offence for any public officer to deliberately split one single large order into smaller bits to circumvent the provisions of the Financial Regulations.

In his reaction to my initial query, the Chief Medical Director explained that the 2 contracts were for different items of surgical consumables and that “it was a matter of coincidence that the same company was lucky to meet the stated conditions”.

This is not acceptable. The rules on procurement and splitting of contracts are very clear. A deliberate infringement has been committed here and should therefore be sanctioned.

(c) Between January and November 2013, the Hospital made several payments totaling ₦20,915,998.00 (Twenty million, nine hundred and fifteen thousand, nine hundred and ninety-eight naira) for diverse purposes into the personal account of an officer in the Finance and Accounts Department. Upon inquiry, it was explained that the said personal account was actually one of the Hospital’s official bank accounts, opened in the officer’s name since he is the Cashier of the Hospital. This is contrary to the provision of Financial Regulation 713 which states that “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”. Furthermore, there is no indication that the so-called “official bank account” was authorized by the Accountant-General of the Federation in accordance with Financial Regulation 3203 which provides that “No official bank account shall be opened unless authorized by the Accountant-General. Each approved account shall be maintained under an official designation of the Parastatal”. The bank statement in respect of the account was not produced for scrutiny during the periodic check. Therefore, the Chief Medical Director was requested to explain this practice and produce all the records relating to this account, including supporting documents for payments made through it, for my verification.

In his response, the Chief Medical Director stated that the amounts involved were for medical refund payments to patients of the hospital who claimed not to have bank accounts into which the refunds could be made and that since the initial deposits were made in cash, the Hospital was obliged to refund in cash. He did not however produce the records and documents relating to the account for audit, as requested.

The Chief Medical Director’s response is totally incorrect and misleading. The amounts in question ranged from ₦100,000.00 to ₦3,498,351.00. To all intents and purposes, these are not petty cash for persons without bank accounts. Moreover, his claim that the amounts were for cash medical refunds is not true because the purpose of the payments were clearly stated to be for payment of honorarium, logistics, renovation, fuelling, recharge cards, clearing of cargo, stocktaking, Board of Survey, and other assorted services.

The documents relating to this account should still be produced for audit before the amounts involved can be accepted as proper and legitimate charges against public funds.

All the issues are under correspondence.

JOS UNIVERSITY TEACHING HOSPITAL, JOS

6.17 The Periodic Check conducted on the Jos University Teaching Hospital (JUTH), Jos revealed the following observations:

(a) The contract for the construction of the Security Gate at the Jos University Teaching Hospital, Jos was awarded to a contractor on 2nd October, 2014 at the contract price of ₦14,181,598.20 (Fourteen million, one hundred and eighty-one thousand, five hundred and ninety-eight naira, twenty kobo) with a completion period of 12 weeks. As at the time of audit in September 2015, the project had not been completed. A total sum of ₦11,227,690.62 (Eleven million, two hundred and twenty-seven thousand, six hundred and ninety naira, sixty-two kobo) representing 79.2% of the contract sum had been paid to the contractor whereas only 60% completion was achieved by the contractor. The contractor abandoned the site without completing the work, even with 40 weeks time over-run over the initial 12 weeks completion period agreed. The project was not advertised as required by "Due Process" to get the best of competencies and fair price. Moreover, the contract agreement backing this transaction was not made available to the Audit Team on request.

The Chief Medical Director has been requested to recall the contractor to site to complete the project at the originally agreed contract sum of ₦14,181,598.20 or terminate the contract and recover from the contractor, the sum of ₦2,953,907.58 being the difference between the money paid and the level of work done, furnishing evidence of recovery for audit verification.

(b) A total sum of ₦23,628,872.84 (Twenty-three million, six hundred and twenty-eight thousand, eight hundred and seventy-two naira, eighty-four kobo) was expended on capital procurements between November 2013 and January 2014 without budgetary provisions. The procurements were not appropriated for in the approved 2013 and 2014 Budgets of the Hospital and therefore constitute illegal virement and unauthorized diversion of funds.

The Chief Medical Director has been requested to justify the extra-budgetary payments or impose appropriate disciplinary actions on the officers responsible for the payment, for operating at variance with Federal Government regulations.

(c) Audit checks on the Revenue account maintained with a commercial bank and the corresponding Cashbooks for 2013 and 2014 revealed an undisclosed total sum of ₦380,129,499.24 (Three hundred and eighty million, one hundred and twenty-nine thousand, four hundred ninety-nine naira, twenty-four kobo). The actual revenues generated in 2013 and 2014 were understated on the summary of IGR returns submitted to the Ministry of Finance. In 2013, the Cash Book and Bank Statement showed that the sum of ₦819,900,811.22 was generated while only the sum of ₦478,341,172.94 was reported, leaving an undisclosed balance of ₦341,559,638.28.

Similarly, in 2014, only the sum of ₦315,486,238.12 was disclosed out of the total revenue of ₦354,056,099.07 generated, leaving a balance of ₦38,569,860.95 undisclosed.

The Chief Medical Director has been asked to explain the non-disclosure and to remit without further delay, 25% of the undisclosed sum of ₦380,129,499.24 amounting to ₦95,032,374.80 (Ninety-five million, and thirty-two thousand, three hundred and seventy-four naira, eighty kobo) to the Consolidated Revenue Fund as the Federal Share of the IGR and furnish evidence of such remittance for audit verification.

(d) Aside the non-disclosure, it was discovered that between April and October 2013, the computation of the 25% operating surplus was further manipulated by the Revenue Unit while computing the Returns to the Federal Ministry of Finance. In order to conserve more funds for its own uses, the Hospital applied a strange formula, said to have been created by the Head of Accounts Department. When this strange formula was queried by the Internal Audit Unit on 8th October 2013, for being at variance with the provisions of Federal Ministry of Finance Circular No. BO/RVE/12235/259/VII/201 of 11th November 2011, the Assistant Director of Finance explained that “it is the tight financial situation in the hospital that led to the discrepancy”. He stated further that while the Chief Executives of Teaching Hospital were pressing for the review of the 25% remittance, “the Head of Department Account has in the meantime applied the formula in use so as to be able to remit an amount to Consolidated Revenue Fund, to avoid penalty”. Instead of the total sum of ₦28,851,750.00 (Twenty-eight million, eight hundred and fifty-one thousand, seven hundred and fifty naira) due to the Federal Government as 25% IGR between April and October 2013, only a sum of ₦1,265,354.62 was remitted to the Consolidated Revenue Fund by the Hospital. This is fraudulent, unprofessional and designed to short-change the Federal Government of revenues totalling ₦27,586,395.63 (Twenty-seven million, five hundred and eighty-six thousand, three hundred and ninety-five naira, sixty-three kobo) over the seven-month period.

The Chief Medical Director has been requested to provide explanations for the manipulations, remit the shortfall in revenue due to the Consolidated Revenue fund amounting ₦27,586,395.63 for the period April – October, 2013, and further explain why the Chief Medical Director, the Head of Finance Department and other officers responsible for the under-computations should not be severely sanctioned, in line with Financial Regulation 3112.

(e) The examination of the Cashbook and Payment Vouchers revealed that on 14th November 2013, the sum of ₦2,723,489.60 (Two million, seven hundred and twenty-three thousand, four hundred and eighty-nine naira, sixty kobo) was transferred from the Salaries Account at FBN Plc to the IGR Account at Diamond Bank. Similarly, on 22nd July 2014, the sum of ₦33,600,000.00 was termed “payment to out sources” in the Overhead Account. Finally, on 30th November the sum of ₦19,840,844.56 (Nineteen million, eight hundred and forty thousand, eight hundred and forty-four naira, fifty-six kobo) was withdrawn from Overhead Account at First Bank Plc to settle salaries of staff, one month after the introduction of GIFMIS at the Hospital.

Further investigation revealed that the above transactions related to unauthorized virements used to re-introduce items initially disallowed by the National Assembly. Consequently, the Chief Medical Director has been requested to provide explanation for the transfers and the schedule for the sum of ₦19,840,844.56 paid as salaries to staff, one month after the take-off of GIFMIS.

(f) The Fixed Assets Register, which should disclose the relevant information such as type, date of purchase, control number, location, value, depreciation rate etc. of all assets owned, acquired or disposed off by the Hospital was not in existence at the Hospital. It was claimed that action was in progress to create one. Consequently, all the assets of the Hospital, especially those recently procured, such as motor vehicles, laboratory and office equipments, furniture and fittings etc are not comprehensively documented in the Register, as prescribed by the Financial Regulations. The absence of the Fixed Assets Register presents a situation that is prone to loss, theft, pilfering and misapplication of Hospital assets.

The Chief Medical Director has once again been requested to urgently compile a comprehensive Fixed Assets Register to safeguard the assets of the Hospital, in line with the Financial Regulations, and present same for my verification.

(g) The Hospital is in arrears in the submission of its Audited Accounts to my Office by 4 years, namely 2012, 2013, 2014 and 2015. The Chief Medical Director has persistently ignored my demand letters and subsequent reminders for the submission of these Accounts, none of which was acknowledged or responded to.

All the issues raised were communicated to the Chief Medical Director through my Audit Inspection Report referenced OAuGF/HAAD/PC/JUTH/16/01 and dated 27th May, 2016. His response is still being awaited up to the time of compiling this Report in September 2016, despite my reminder dated 2nd August, 2016.

LAGOS UNIVERSITY TEACHING HOSPITAL (LUTH), LAGOS

6.18 At the Lagos University Teaching Hospital, (LUTH), Idi-Araba, Lagos, the following observations were made:-

(a) Although the total sum of ₦11,649,725.73 (Eleven million, six hundred and forty-nine thousand, seven hundred and twenty-five naira, seventy-three kobo) being Withholding Tax collected between January 2010 and September 2014 was actually remitted to the Federal Inland Revenue Service, the action was belated as the remittances were not made within 30 days after the deductions from the various payments. This is contrary to the Personal Income Tax (Amendment) Act 2011 which stipulates that “Any person or body corporate who, being obliged to deduct tax under Section 69,70, 71 or 72 of this Act, fails to deduct, or having deducted, fails to remit such deductions to the relevant tax authority within 30 days from the date the amount were deducted or the time the duty to deduct arose, shall be liable to a penalty of an amount of 10 percent of the tax not deducted or remitted in addition to the amount of tax not deducted or remitted, plus interest at the prevailing monetary policy rate of the Central Bank of Nigeria”. This delay in remittance attracted penalties and accrued

interest totaling ₦2,856,512.75 (Two million, eight hundred and fifty-six thousand, five hundred and twelve naira, seventy-five kobo).

The Chief Medical Director has been requested to remit this amount to the relevant tax authority and forward evidence of such remittance for my verification.

(b) Another sum of ₦11,805,732.13 (Eleven million, eight hundred and five thousand, seven hundred and thirty-two naira, thirteen kobo) made up of Withholding Tax totaling ₦8,137,267.47 and Value Added Tax totaling ₦3,668,464.66, which was deducted from payments to various contractors in 2014, were not remitted to the Federal Inland Revenue Service and as a result, did not comply with the Guidelines on Collection and Remittance of Withholding and Value Added Taxes. In accordance with extant tax laws, this has also attracted penalties and accrued interest amounting to ₦3,822,496.78.

Consequently, I have requested the Chief Medical Director to remit to the Federal Inland Revenue Service, the total sum of ₦15,627,228.91 (Fifteen million, six hundred and twenty-seven thousand, two hundred and twenty-eight naira, ninety-one kobo) comprising principal sum of ₦11,805,732.13 for the WHT and VAT which were not remitted in 2014 and ₦3,822,496.78 for the penalty and accrued interest thereon and forward evidence of the remittance for my verification.

(c) The total credits of ₦775,906,104.30 (Seven hundred and seventy-five million, nine hundred and six thousand, one hundred and four naira, thirty kobo) in the Bank Statement of the Main Revenue Account as compared with the Cash book total credits of ₦399,697,263.68 showed a difference of ₦376,208,840.62, which means that Revenue of ₦376,208,840.62 in the Bank Statement were not entered into the Cash Book, hence the Cashbook did not record the total revenue shown in the Bank Statement.

Similarly, the total debits of ₦700,010,706.32 (Seven hundred million, and ten thousand, seven hundred and six naira, thirty-two kobo) in the Bank Statement of the Main Revenue Account when compared with the Cashbook total debits of ₦367,606,761.26, showed a difference of ₦332,403,945.06, an indication that expenditures amounting to ₦332,403,945.06 in the Bank Statement were not recorded in the Cashbook. Hence, the Cash Book which is an underlying record did not show a true and fair view of the total expenditure of ₦700,010,706.32 reflected in the Bank Statement.

These situations contravene the provisions of Financial Regulation 802 which specifically requires a Sub-Accounting Officer to “enter promptly into the Cash book all sums of money received by him or paid by him as a public officer, supporting such entries by a receipt or payment voucher on the prescribed form”.

The Chief Medical Director has been requested to reconcile these discrepancies to enable me ascertain the actual total revenue of the Hospital for the period under review and to provide definite assurances, supported with verifiable evidences, that the total expenditure of ₦332,403,945.06 not recorded in the Cash Book constituted proper and legitimate charges against public funds.

(d) A comparison of the revenue lodgements into the Main Revenue Account with the receipts as recorded in the Analysis Book showed a difference of ₦19,320,678.24. While the Analysis Book recorded a total revenue of ₦795,226,782.50 for the period under review, only the sum of ₦775,906,104.30 was lodged into the Main Revenue Account, hence the difference.

The Chief Medical Director has been requested to thoroughly investigate the shortfall and account in full for the total revenues of ₦19,320,678.24 not lodged into the bank.

(e) There was no evidence from the records examined that the sum of ₦193,976,526.75, representing 25% of the Internally Generated Revenue (IGR) of the Hospital for 2014, amounting to ₦775,906,104.30 (Seven hundred and seventy-five million, nine hundred and six thousand, one hundred and four naira, thirty kobo) was remitted to the Consolidated Revenue fund Account of the Federal Government, in line with Federal Ministry of Finance Circular reference BO/REV/12235/259/VII/201 of 11th November, 2011.

The sum of ₦193,976,526.75 (One hundred and ninety-three million, nine hundred and seventy-six thousand, five hundred and twenty-six naira, seventy-five kobo) being the Federal Government share of the Internally Generated Revenue for 2014, should be remitted to the Consolidated Revenue Fund Account of the Federal Government immediately and the remittance details forwarded for my verification.

(f) The sum of ₦214,452,199.00 (Two hundred and fourteen million, four hundred and fifty-two thousand, one hundred and ninety-nine naira) said to be accumulated Main Account Debts, long overdue for remittance back into the Drugs Revolving Fund Account was written off by the Management of LUTH in 2014.

I have requested the Chief Medical Director to furnish me with the approval of the Honourable Minister of Health, Accountant-General of the Federation and the Honourable Minister of Finance for the write-off.

(g) At least 4 major commercial banks and 44 other small scale businesses carry out their daily operations in the premises of the Lagos University Teaching Hospital. However, there was no evidence from the documents examined, of any rent received or receivable from any of these business enterprises. Although evidence of contribution towards the payment of the global electricity bills of the hospital was seen, the actual rent paid by these business organizations for the use of their premises did not reflect in any of the documents examined. Surprisingly, there was no explanation for this. The basis of their operational presence within the Hospital premises is therefore not clear.

Consequently, the Chief Medical Director has been requested to account fully for all the revenue accrued or accruable to the Hospital from the leased or rented spaces, failing which applicable sanctions should be imposed in accordance with Financial Regulations 3112(i) and (ii).

(h) The Hospital did not maintain a Subsidiary Ledger for recording Cash Advances and their subsequent retirements, in accordance with the Financial

Regulations. As a result, the sum of ~~₦~~97,781,048.50 (Ninety-seven million, seven hundred and eighty-one thousand, and forty-eight naira, fifty kobo) granted as advances to members of staff of the Hospital between January and November 2014, were not properly recorded and accounted for.

The Chief Medical Director was requested to ensure that these advances were immediately retired or recovered from the defaulting officers, in accordance with Financial Regulations 3118 and 3124 and forward the details of the retirements for my verification.

(i) The last Audited Accounts submitted to me by the Management of the Hospital was for the year ended 31st December 2010. Consequently, the Accounts for the past 5 years (2011 – 2015) are in arrears, contrary to the provisions of Section 85(3)(b) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and Financial Regulation 3210(v) which stipulates that 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.

The Chief Medical Director has persistently ignored to comply with the quoted regulations despite my demand notices and reminders dated 20th June, 2016, 12th August, 2016 and 26th August, 2016 all of which were neither acknowledged nor responded to.

All the issues raised above were communicated to the Chief Medical Director, LUTH, through my Audit Inspection Report referenced OAuGF/HAAD/PC/LUTH/CA/16/01 and dated 20th June 2016 but his response is still being expected even at the time of compiling this Report in September 2016, despite my reminder letters dated 2nd August 2016 and 30th August, 2016.

NEURO-PSYCHIATRIC HOSPITAL, ARO, ABEOKUTA

6.19 At the Neuro-Psychiatric Hospital, Aro, Abeokuta, it was revealed that:-

(a) A sum of ~~₦~~3,500,000.00 (Three million, five hundred thousand naira) was paid to the Ogun State Board of Internal Revenue between September 2014 and August 2015 as settlement of Pay As You Earn (PAYE) tax liability on behalf of staff of the Hospital. The amount was paid in partial settlement of the total tax liability of ~~₦~~92,372,850.00 established as under-deducted PAYE tax after a tax audit. There was no evidence that the amount paid was eventually recovered from the affected members of staff whose tax were under-deducted. Consequently, the Provost/Medical Director was requested to recover all the amounts paid from the affected staff and refund same to Government coffers, furnishing evidence of such recovery for my verification.

In his response dated 9th May 2016, the Provost/Medical Director assured me that the Hospital Management has stopped further payment from public funds and that all under-deducted amounts are to be recovered by IPPIS in the Office of the Accountant-General of the Federation. However, I have not seen any documentary

proof of these recoveries. I have advised the Provost/Medical Director to liaise with IPPIS and forward evidence of the recoveries to me for verification.

(b) The Hospital failed to deduct the sum of ₦1,236,000.00 and ₦1,236,000.00 for VAT and Withholding tax respectively from the total sum of ₦24,720,000.00 (Twenty-four million, seven hundred and twenty thousand naira) paid to two contractors between February and December 2014, thereby contravening the provision of Financial Regulation 234(i) which states that “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”. Therefore, the Provost/Medical Director was asked to recover the amounts from the affected contractors.

In his reaction the Provost/Medical Director quoted a Federal Inland Revenue Service Information Circular No. 2006/02 which exonerated the companies from Withholding tax on these transactions and assured me that “VAT will henceforth be deducted from all such transactions accordingly”. He was however silent on recovering the previously undeducted VAT of ₦1,236,000.00. This amount should still be recovered from the two suppliers concerned and evidence of recovery furnished for my verification

(c) Examination of records showed that the Hospital generated a total sum of ₦77,528,190.00 (Seventy-seven million, five hundred and twenty-eight thousand one hundred and ninety naira) as IGR in 2014. However, there is no documentary evidence that 25% of this sum, amounting to ₦19,382,047.50 was paid into the Consolidated Revenue Fund Account as required by extant Regulations. Consequently, the Provost/Medical Director was asked to remit the sum of ₦19,382,047.50 to the Consolidated Revenue Fund and forward evidence of remittance for audit verification.

In reaction, the Provost/Medical Director forwarded copies of mandates for remittance of various amounts totalling ₦3,136,062.11 (Three million, one hundred and thirty-six thousand and sixty-two naira, eleven kobo) to the Consolidated Revenue Fund. He posited that “this represented 25% of remittable revenue, all other Revenue were Revolving Fund Revenue”. The Provost/Medical Director’s position is incorrect, misleading, deliberately calculated to short-change the Federal Government and therefore unacceptable. He has once again been requested to remit the full sum of ₦19,382,047.50 to the Consolidated Revenue Fund or produce authentic and verifiable original documents to substantiate his position. His further reaction is being awaited.

All the issues are under correspondence.

NATIONAL ORTHOPAEDIC HOSPITAL, IGBOBI, LAGOS

6.20 At the National Orthopaedic Hospital, Igbobi, Lagos, the following were observed:-

(a) The Hospital paid the shortfall of PAYE tax of its Resident Doctors, Interns and contract staff for the period January to December 2014, totaling ₦12,702,461.00 (Twelve million, seven hundred and two thousand, four hundred and sixty-one naira) to the Lagos State Board of Internal Revenue on 30th December 2014. The shortfall arose from the difference between the actual tax due from the staff and the amounts deducted from their salaries. Surprisingly, this payment was made from the funds of the Hospital instead of making further deductions from the emoluments of the concerned staff. As the burden of Personal Income Tax rests solely on the individual employee and not the organization, I asked the Medical Director to recover the full sum of ₦12,702,461.00 (Twelve million, seven hundred and two thousand, four hundred and sixty-one naira) from the emoluments of the staff concerned, pay it back to the Treasury Single Account of the Federal Government and forward evidence of compliance to me for confirmation.

In his reaction dated 15th April 2016, the Medical Director explained that the shortfall arose from the pull-out of Resident Doctors and Interns from the IPPIS platform, which subjected them to higher tax rates by the Lagos State Government. Instead of applying the Lagos State tax rates, the Hospital continued to use the IPPIS template for “equity and fairness” with other staff who were still in IPPIS, stating further that most of the Resident Doctors and all the interns have left the service of the Hospital.

The Medical Director’s explanation is not tenable because, when the Doctors/Interns were pulled out of IPPIS, the Hospital was expected to apply the relevant tax rates to their new salary structure instead of applying “equity and fairness”. The Hospital deliberately applied the wrong tax template and therefore the amount of ₦12,702,461.00 shall still be recovered, either from the employees or the negligent Hospital officials, in accordance with Financial Regulation 3112.

(b) The sum of ₦101,169,293.00 (One hundred and one million, one hundred and sixty-nine thousand, two hundred and ninety-three naira) was paid to 9 contractors between December 2013 and December 2014 for procurement of assorted items for the Hospital. It was observed that the awards did not pass through normal tender procedures as they were not advertised, therefore not competitive. There were no bid documents or bills of quantities and no contract agreements were attached to the paid vouchers, as required by the Financial Regulations. Consequently, the Managing Director was requested to forward all documents relating to the bidding and award of the contracts for my verification or explain his non-compliance with government procurement guidelines and regulations.

In his two-line reaction, the Medical Director stated that the “Awards listed were duly advertised. Details are provided in Appendix D (i.e. Minutes of Tender’s Board, Advertisement, Pre-qualification, and Letters of Award etc) are attached”.

The attached photocopied documents included an advert in the THISDAY Newspaper of June 5, 2014. This cannot be used to support 4 (Four) of the payments which proceeded this date. Nonetheless, I have advised the Medical Director to forward the originals of all the relevant documents for my verification.

(c) Cash advances totalling ₦10,052,996.00 (Ten million, and fifty-two thousand, nine hundred and ninety-six naira) granted to staff of the Hospital during the year 2014 were yet to be retired as at the time of periodic check in August 2015. Consequently, the Medical Director was asked to ensure the retirement or recovery of all the outstanding advances.

In his response, the Medical Director stated that “The Internal Audit Unit has confirmed that all listed advances have been retired and there is no outstanding retirement for the year 2014”. But he did not provide any evidence to support this claim. I have therefore advised him to forward the details of the retirements or recoveries for my verification.

All the issues are under correspondence.

FEDERAL NEURO-PSYCHIATRIC HOSPITAL, KADUNA

6.21 At the Federal Neuro-Psychiatric Hospital Kaduna, the following observations were made:-

(a) A total sum of ₦9,308,347.50 (Nine million, three hundred and eight thousand, three hundred and forty-seven naira, fifty kobo) was paid to the Medical Director, being 100% of Annual Basic Salary as Security Service Allowance from March 2010 – December 2014 on a payment voucher dated 16th October, 2014. The Hospital apparently misinterpreted Circular Reference No. SWC/S/04/S.303 dated 18th January 2007 from the National Salaries and Wages Commission on the Consolidated Top Federal Public Office Holders Salary Structure (CONTOPSAL) which showed in the schedule that security is to be provided at government expense and not to be monetized. The Medical Director was asked to recover the amount in full, pay it back to the Consolidated Revenue Fund account of the Federal Government and forward recovery details for verification.

In his response dated 24th February 2016, the Medical Director explained that the Board of Management of the Hospital ratified the approval of the Chairman for this payment at her meeting of 6th May 2015 based on the security challenges in that part of the country. The Board decision is not in order. Firstly, the Circular provided for provision of security and not monetization. Secondly, the payment was made in arrears to cover a period of four years (2010 – 2014) during which the Medical Director obviously enjoyed security at public expense. He cannot therefore make claims in lieu of security services already enjoyed. Therefore, the total amount should still be recovered from him and recovery particulars forwarded for my verification.

(b) A total sum of ₦725,309.52 (Seven hundred and twenty-five thousand, three hundred and nine naira, fifty-two kobo) realized from the sale of two official vehicles to the Medical Director, was not remitted to the Consolidated Revenue Fund account of the Federal Government, as required by extant regulations. Therefore, I asked the Medical Director to remit the amount immediately and furnish evidence for my verification.

The Medical Director concurred with my observation but claimed that “25% of the proceeds was remitted along proceeds from other IGR sources”, promising to remit the balance and forward evidence. As I have not yet received any evidence of part or full remittance of this amount, the matter is being kept in view.

(c) The contract for the renovation of Pharmacy Block, Female Ward, Male Ward and Conveniences was awarded to a contractor on 10th December, 2012 for the sum of ₦198,641,011.74 (One hundred and ninety-eight million, six hundred and forty-one thousand and eleven naira, seventy-four kobo) with a completion period of 24 weeks. On 3rd December 2014, the contractor applied for variation in the contract sum by ₦79,564,930.56, resulting from some omitted items. The omitted items were not mentioned. The Medical Director reviewed the variation sum down to ₦69,886,720.23 and adjusted the BOQ to a new contract sum of ₦268,527,732.09. This was done without recourse to the Board of the Federal Neuro-Psychiatric Hospital Kaduna, which originally awarded the contract.

It was noted that the “consultants” on this project are staff of the Federal Ministry of Lands, Housing and Urban Development, Field Office, Kaduna, whose normal course of duties are to supervise and oversee Federal Government projects in the State. These officers have turned themselves into consultants, in collusion with the Management of the Hospital, claiming consultancy fees of 6% of total contract sum as against the 2½% of total contract sum stipulated by the Federal Ministry of Works for prime consultants on contracts of ₦200 million and above.

The Managing Director was requested to follow due process in the contract variation, cancel the current consultancy arrangement, engage real and proper consultants for the project, recover all monies already paid to the “Ministry Consultants” amounting to ₦4,732,939.49 and forward evidence of recovery for my verification.

In his response, the Medical Director assured me that the variation had not been effected and that the contract sum remains at ₦198,641,011.74. He stated further that “the officials from the Federal Ministry of Lands, Housing and Urban Development were engaged as supervisors of the project and not consultants to the Hospital”. Whether as consultants or supervisors, the Ministry officials are not entitled to any professional fees under this contract. The sum of ₦4,732,939.49 already paid to them should therefore still be recovered.

(d) The contract for the construction of the Emergency and Mental Health Management and Information Block (GOPD) was awarded to a contractor on 2nd December 2014 at a total contract sum of ₦171,872,254.78 (One hundred and seventy-one million, eight hundred and seventy-two thousand, two hundred and fifty-four naira, seventy-eight kobo). On 4th December, 2014 the contractor formally accepted the contract vide letter with reference number FNPH/KAD/542 dated 2nd December 2014. Thereafter, on 16th December, the contractor wrote to the Medical Director, requesting that all payments due on this project should be made to a nominated third party, who was financing the project. In line with this instruction, the sum of ₦6,450,000.00 (Six million, four hundred and fifty thousand naira) was paid to

the third party on 20th December 2014. Meanwhile, the Hospital Board that awarded the contract had not ratified the agreement between the original contractor and the third party. As only the awarding authority (in this case the Board) can vary the terms and conditions for award of a contract, I advised that no further payments should be made to the third party until their agreement with the original contractor is formally ratified by the Board. The Medical Director concurred and assured me that my observation and recommendation is being complied with.

All the issues are under correspondence.

AHMADU BELLO UNIVERSITY TEACHING HOSPITAL, ZARIA

6.22 At the Ahmadu Bello University Teaching Hospital, Zaria, the following were observed:-

(a) The Hospital paid course fees, examination fees, etc amounting to ₦11,043,528.00 (Eleven million, and forty-three thousand, five hundred and twenty-eight naira) for some staff of the hospital to attend courses that will upgrade their knowledge and status, without complying with Circular Reference HCSF/PSO/784/111/2 dated 23rd January, 2009 which states that “As a matter of emphasis MDAs shall no longer pay for course fees and allowances for officers attending training programmes arranged or sanctioned by their respective professional bodies”. The Chief Medical Director was asked to recover the course fees paid on behalf of staff which do not conform with the provisions of the extant circular.

The Chief Medical Director’s response that “henceforth Management will ensure that evidence of attendance is always attached to all payment vouchers” did not quite address the focus of the query. Consequently, it is re-emphasized that the course fees paid on behalf of staff, which do not conform with the quoted circular should still be recovered.

(b) A Toyota Prado Jeep, with registration number ABUTH 01 Chassis/Engine number 1404030 purchased on 4th March, 2014 and worth over ₦8million, was alleged taken away by the immediate past Board Chairman of the Teaching Hospital. Inquiries revealed that no effort has been made to recover the hospital’s vehicle from the former Board Chairman. The Chief Medical Director was asked as a matter of urgency, to recover the vehicle without further delay and inform my Office for verification. The Chief Medical Director responded that the former Board Chairman had since returned the vehicle which is available for audit verification in the premises of the hospital. The verification visit was being planned even at the time of compiling the report.

(c) Many private organizations have offices and carry out their businesses within the premises of the Teaching Hospital, without evidence of payment of rent. These organizations include Banks, Cleaning company, Private Security Outfit and commercial shops. Therefore, Management was asked to start charging rents for all the rented or leased spaces. The Chief Medical Director informed me that “Management has set-up a committee that has taken inventory of the organizations

doing business in the compound and recommended a rate for each shop". He was however silent on the level of implementation of the Committee's recommendation. This is unsatisfactory. This is a matter that should have been handled with utmost dispatch in view of its strategic importance as a veritable source of revenue to the Hospital. The lukewarm bureaucratic approach of the Management to this matter is not commendable. I have drawn the attention of the Chief Medical Director to my opinion on this matter. His further response is being awaited.

(d) The Fixed Assets Register was not sufficiently updated for effective monitoring of the Hospital's fixed assets. Some assets were not properly coded with identification numbers and as a result, it was difficult to differentiate between assets belonging to the Hospital and those belonging to the staff. Such lapses encourage asset leakage and pilfering. Therefore, the Chief Medical Director was requested to ensure that all the Hospital's fixed assets are coded, assigned control numbers and properly recorded in the Fixed Assets Register. He had responded to inform me that a firm is presently working on valuation of ABUTH fixed assets and updating of the Register. The matter is being kept in view.

All the issues are under correspondence.

FEDERAL MEDICAL CENTRE, EBUTE METTA, LAGOS

6.23 At the Federal Medical Centre, Ebute Metta, Lagos, the following observations were made:-

(a) The total sum of ₦19,316,510.00 (Nineteen million, three hundred and sixteen thousand, five hundred and ten naira) was transferred between May and December, 2014 from the National Health Insurance Scheme account maintained at a commercial bank to the FMCE Account maintained in another bank. The purpose of the transfers was not explained to the Audit Team during the periodic check. The explanation of the Medical Director for these unexplained transfers was called for.

In his response dated 9th August 2016, the Medical Director stated that these were "reimbursement from the NHIS account as contribution to utilities expenses incurred in the hospital". This is not clear and is not supported by any document. Consequently, I have called for the Medical Director's further explanations, adequately supported with relevant verifiable documents.

(b) In part, Main Account Debts are receivables from Hospital retainers who eventually made payments into the FMC Main Account. Between June and August 2014, the sum of ₦8,714,601.75 (Eight million, seven hundred and fourteen thousand, six hundred and one naira, seventy-five kobo) was paid into the Main Account by a major retainer to the Medical Centre. This amount received should have been appropriately transferred to the Drugs Revolving Fund and DLX Revolving Fund accordingly, instead of being retained in the FMC Account. The Medical Director was asked to refund the amount into the two Revolving funds.

Responding, the Medical Director stated that “the Treasury Single Account (TSA) policy has over taken and remedied this observation”. However, it is necessary to produce verifiable proof that the outstanding sum of ₦8,714,601.75 was actually remitted to the TSA at the Central Bank.

The issues are under correspondence.

NATIONAL HEALTH INSURANCE SCHEME (NHIS), ABUJA

6.24 At the National Health Insurance Scheme (NHIS) Abuja, the following were observed:-

(a) The Scheme did not submit any of its Audited Accounts and Management Reports to my Office, for the financial years 2011 to 2014. This is a breach of Financial Regulation 3210(v) which states that “The Chief Executive Officer shall submit both the Audited Accounts and Management Reports to the Auditor-General and Accountant-General not later than 31st May of the following year of Account”. This is an indication of lack of accountability on the part of the organization and should attract appropriate sanctions.

The Executive Secretary was requested to submit without further delay, seven (7) copies each, of the Audited Accounts and Management letters for the financial years 2011, 2012, 2013 and 2014 to my Office for my statutory comments.

(b) The erstwhile Head of the Internal Audit Unit was redeployed as the new Head of Finance and Accounts in violation of the express provision of Financial Regulation 1709 which stipulates that “The staff of the Internal Audit Unit shall not be employed within the Ministry, Extra-Ministerial Office and other arms of government, on accounting duties”.

Consequently, the Executive Secretary was requested to, as a matter of urgency, abide by the provision of the quoted Financial Regulation, revert the engagement to status quo and employ a qualified candidate for its Accounting duties, forwarding proof of compliance with the regulation and new employment for my verification.

(c) The Scheme invested the sum of ₦49,443,976,023.00 (Forty-nine billion, four hundred and forty-three million, nine hundred and seventy-six thousand and twenty-three naira) in Nigeria Treasury Bills and ₦73,450,000,000.00 (Seventy-three billion, four hundred and fifty million naira) on Fixed Deposits with some banks, totaling ₦122,893,976,023.00 (One hundred and twenty-two billion, eight hundred and ninety-three million, nine hundred and seventy-six thousand and twenty-three naira) for the period under review. Investment of funds in fixed deposits without the approval of the Accountant-General of the Federation contravened the provisions of Financial Regulation 3206 and Treasury Circular No. TRY/A5 & B5/2009 – OAGF/CAD/026/V/32 of 19th June 2009. The Circular requires that “All idle balances in the capital accounts and balances in all special accounts except recurrent accounts shall only be invested

by the MDAs in all days primary market Nigeria Treasury Bills (NTB). All interests received shall be paid into the Consolidated Revenue Fund (CRF) Account maintained with the Central Bank of Nigeria (CBN). No MDA is permitted to engage in banking relationship with any bank other than the banks already cleared for them by the Office of the Accountant-General of the Federation”. Moreover, the interest of ₦3,716,805,358.00 yielded from the investments of ₦122,893,976,023.00 were not remitted into the Consolidated Revenue Fund.

The Executive Secretary has been requested to remit the sum of ₦3,716,805,388.00 (Three billion, seven hundred and sixteen million, eight hundred and five thousand, three hundred and eighty-eight naira) being interest yielded from the investments totaling ₦122,893,976,023.00 (One hundred and twenty-two billion, eight hundred and ninety-three million, nine hundred and seventy-six thousand and twenty-three naira) to the Consolidated Revenue Fund immediately, as well as explain reasons for the fixed time deposit with banks without the approval of the Accountant General of the Federation.

(d) Some taxable categories of allowances, together with 13th month salary totaling ₦1,005,609,342.95 (One billion, and five million, six hundred and nine thousand, three hundred and forty-two naira, ninety-five kobo) were paid to staff of the Scheme without deducting PAYE tax. PAYE is a method of collecting Personal Income Tax from employees’ salaries, wages and allowances through deduction at source by an employer as provided by the relevant sections of the Personal Income Tax Act (PITA).

The Executive Secretary has been asked to remit PAYE taxes totaling ₦100,958,369.61, which ought to have been deducted from these payments to the Federal Inland Revenue Service without further delay, in order to avoid 10% interest and 20% penalty on the amount, for undue delay. Evidence of the remittance should be forwarded to my Office for scrutiny.

(e) Audit examination of Bank Statements revealed that amounts totaling ₦374,734,768.46 were transferred from an account maintained with one commercial bank to various individuals between 8th April and 24th November, 2014, without raising payment vouchers and stating the purpose for such transfers. This is a violation of the provisions of Financial Regulation 601 which requires that “All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Voucher 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”.

On non-description of purpose for the transfers, Financial Regulation 603 provides that “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”.

The Executive Secretary has been requested to forward all vouchers relating to these transfers to my Office, otherwise the payments may not be accepted as proper and legitimate expenditures against public funds.

(f) VAT of ₦831,570.17 and WHT of ₦2,625,897.45, totaling ₦3,457,467.62 (Three million, four hundred and fifty-seven thousand, four hundred and sixty-seven naira, sixty-two kobo) were not deducted from contracts/supplies totaling ₦31,056,963.00 (Thirty-one million and fifty-six thousand, nine hundred and sixty-three naira) paid for during the period under review. This is a loss of revenue to the Federal Government occasioned by not deducting VAT and WHT as required by Financial Regulations 234(iii) and other extant laws, which provide that “Accounting Officers and Sub Accounting Officers who fail to provide for and remit VAT and WHT due on vatable supplies and services shall be sanctioned under the applicable VAT Act No. 102 of 1993 which may include fines and/or imprisonment.”

The Executive Secretary has been requested to forward evidence of recovery and remittance of the above sum of ₦3,457,467.62 to the FIRS for my scrutiny.

(g) Withholding Tax (WHT) amounting to ₦542,220.71 (Five hundred and forty-two thousand, two hundred and twenty naira, seventy-one kobo) was under-deducted from a professional service for Accounting Software awarded to a limited liability company for the sum of ₦11,386,635.00 (Eleven million, three hundred and eighty-six thousand, six hundred and thirty-five naira), by applying 5% tax rate as against the 10% stipulated by various Tax Laws on consultancy service.

The Executive Secretary has been requested to recover the under-deducted amount of ₦542,220.71 from the consultant and remit same to the FIRS without further delay while evidence of compliance should be forwarded for audit verification.

(h) The Office of the Senior Special Adviser to the President on Youth was paid ₦14,000,000.00 (Fourteen million naira) for conducting sensitization summit series for Nigerian students. Similarly, the Office of the Honourable Minister of Health was paid ₦1,863,650.00 for pre-retirement training of the Chief Confidential Secretary to the Minister in London, whereas the two Offices have adequate budgetary allocations for their own expenditure.

The Executive Secretary has been advised to avoid such illegal and undue interference in the finances of the Scheme by Supervising Authorities. The rationale for paying such whopping amounts to the two (2) Offices mentioned should be forwarded to this office.

(i) The Scheme paid the sum of ₦1,754,000.00 (One million, seven hundred and fifty-four thousand naira) to a member of its staff, instead of the beneficiary firm as indicated on Payment Voucher No. 1967 of 28th November 2014. The payment was made for the supply of logistics, during a sensitization programme at the University of Lagos.

The Executive Secretary has been requested to produce evidence of payment to the ultimate beneficiary, otherwise the sum of ₦1,754,000.00 should be recovered. Henceforth, management should only make payments direct to the corporate account payee.

(j) Some payment vouchers with amounts totaling ₦142,664,439.14 (One hundred and forty-two million, six hundred and sixty-four thousand, four hundred and thirty-nine naira, fourteen kobo) were not supported with relevant documents such as memo, approvals, invoices or receipts to authenticate the payments. Financial Regulation 603 states that “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, Invoice, Special Letters of Authority, Time Sheets etc.”

The Executive Secretary has been requested to produce all the relevant supporting documents relating to the payments for audit scrutiny, before the payments can be accepted as legitimate charges against public funds.

(k) Between January and December 2014, the Scheme paid amounts totaling ₦161,336,427.80 (One hundred and sixty-one million, three hundred and thirty-six thousand, four hundred and twenty-seven naira, eighty kobo) to various media consulting firms for publicity, documentary and enlightenment programmes. It was however observed that documents relating to the payment of these funds to the beneficiary firms were not attached to the vouchers nor were they produced for audit examination when requested.

The Executive Secretary has been requested to forward all documents relating to the advertisements totaling ₦161,336,427.80 to my Office for scrutiny, to enable me satisfy myself that the expenditures constitute legitimate charges against public funds.

(l) It was observed that in 2014, the Accountant General of the Federation (AGF) released the sums of ₦1,935,682,532.40 (One billion, nine hundred and thirty-five million, six hundred and eighty-two thousand, five hundred and thirty-two naira, forty kobo) and ₦793,835,620.20 (Seven hundred and ninety-three million, eight hundred and thirty-five thousand, six hundred and twenty naira, twenty kobo) as Personnel and Overhead Costs to the Scheme in error. It was further observed that the payments made to the Scheme by the AGF on some allowances were neither approved by the Salaries and Wages Commission nor the Scheme of Service of the organization.

The Executive Secretary has been requested to forward evidence of the refund of the two sums totaling ₦2,729,518,152.60 (Two billion, seven hundred and twenty-nine million, five hundred and eighteen thousand, one hundred and fifty-two naira, sixty kobo) to the Accountant-General of the Federation, for my confirmation.

(m) The actual payment of the Scheme’s salaries for 2013 financial year was ₦2,767,789,331.82 as against ₦1,161,885,949.00 appropriated. There was no evidence of extra budgetary approval of the excess of ₦1,606,897,382.80, contrary to Financial Regulation 313 which provides that ‘no expenditures above the Approved Estimates and Supplementary Estimates will be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of application for supplementary provisions or virement’. Therefore, amount spent outside appropriation cannot be allowed in line with Financial Regulation 417 which stipulates that “expenditures shall strictly be classified in accordance with the estimate and votes must be applied only for the purpose for which the money is

provided. Expenditures incorrectly charged to a vote shall be disallowed.’ The excess was funded through Admin fees bank account (an internally generated income source of the Scheme).

The Executive Secretary has been requested to justify the excess expenditure over appropriation without supplementary warrant or authorized virement.

(n) The sum of ₦1,544,998,227.79 was transferred from Administration Charges Account and paid as up-front allowances to staff. This expenditure is not in line with the NHIS approved Consolidated Salary Structure via Circular Ref: SWC/S/04/S.33/II/319A dated 24th May 2011 by National Salaries, Income and Wages Commission, effective 2011. It appears that the Scheme deconsolidated the structure without approval and paid rent, furniture and dressing allowances separately up-front and in lump sum.

I hereby called for the Executive Secretary’s explanation.

(o) Payment Voucher number OH/0232, dated 13/12/2013 for the sum of ₦33,281,760.00 for per diem, air ticket/transport, local running, airport taxi, hall hiring, fuelling, breakfast, lunch & buffet, in respect of a management retreat in Lagos from 15th - 21st Dec., 2013 was paid without Internal Audit pre-payment check. The voucher was checked on 16/12/13, days after payments were made. This contravenes Financial Regulation 1705 which states that “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”.

The Executive Secretary has been requested to explain why payments were made without pre-payment scrutiny by the Internal Auditor and provide evidence that the retreat actually held.

(p) The sum of ₦17,959,399.00 was appropriated for Publicity and Advertisement in 2013 but the sum of ₦112,610,808.00 was spent, thereby exceeding the budget without extra budgetary approval by ₦94,651,409.00. This is a contravention of Financial Regulation 313 which provides that ‘no expenditures above the Approved Estimates and Supplementary Estimates will be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of application for supplementary provisions or virement’.

The Executive Secretary has been requested to explain the extra budgetary expenditure of ₦94,651,409.00 incurred without the approval of the National Assembly.

(q) The following vehicles assigned to former officers of the Scheme were taken away by them when they exited the service of the Scheme.

(i)	Toyota Prado Jeep		Former Chairman, House Committee on Health
(ii)	Toyota Prado Jeep		Former Minister of Health
(iii)	Toyota Prado TXL	12Y 05 FG	Former Executive Secretary
(iv)	Toyota Hilux	12Y 106 FG	Former Executive Secretary

The Executive Secretary has been requested to recover the vehicles or their current replacement value from the officers concerned, informing me accordingly for follow-up action.

(r) Two Toyota Land Cruiser Prado Jeeps were purchased by the Scheme and paid for through a payment voucher dated 7th January 2013. From the proceedings of the Procurement Planning Committee meeting, recommendation was made for the award of the contract for supply of the two vehicles at the sum of ₦30,302,500.00, being the most responsive quoted price. However, the contract was awarded to the contractor for ₦30,700,000.00, a difference of ₦397,500.00 higher than the amount quoted by the company and recommended by the Procurement Planning Committee.

The Executive Secretary has been requested to explain this discrepancy and recover the overpaid sum of ₦397,500.00 from the company, furnishing recovery details for my verification.

(s) The Federal Inland Revenue Service in her Tax Audit on the National Health Insurance Scheme, conducted by a firm of Chartered Accountants for the period January 1, 2008 through November 30, 2012, slammed a total Tax Liability of ₦100,114,025.70 on the Scheme.

The amount was composed of:

	PAYE (N)
Total Deduction	222,140,584.40
LESS: Total Remittance	141,747,067.60
Total Outstanding	81,393,516.80
Interest at 13%	10,581,157.18
Penalty @ 10% & 5%	8,139,315.68
	₦100,114,025.70

Having accepted the assessment, the Scheme agreed to pay the above sum in six instalments which was accepted by the Tax Authority. The first instalmental payment was made on payment voucher IH/March/32/19/2013 of 11/3/2013, followed by subsequent payments.

The following observations are made:

- (i) It is obvious that the Scheme was involved in a clear case of Financial misappropriation, having correctly deducted the taxes but refused to remit the correct sum to the Relevant Tax Authority.
- (ii) The payment of ₦100,114,025.70 (One hundred million, one hundred and fourteen thousand, and twenty-five naira, seventy kobo) comprising under remittance and penalty was made from the In-House Revenue Account. This is unacceptable as it is PAYE, which ought to have been paid from the Personnel Vote.

The Executive Secretary has been requested to explain the non-remittance of the deducted taxes, the misappropriation of the unremitted sum of ₦81,393,516.80, the settlement of the outstanding tax liability from the In-House IGR bank account and why the Management of the Scheme should not be personally held liable for the loss of ₦18,720,508.86 incurred by the Scheme on penalty and interest, following their refusal to remit the correct amount of taxes deducted.

All the issues raised were brought to the attention of the Executive Secretary through my Audit Inspection Reports dated 27th May and 23rd June, 2016. His response is still being awaited despite my reminders dated 2nd August and 2nd September, 2016.

NURSING AND MIDWIFERY COUNCIL OF NIGERIA, ABUJA

6.25 At the Nursing and Midwifery Council of Nigeria, Abuja, the following observations were made:-

(a) A total sum of ₦28,677,359.00 (Twenty-eight million, six hundred and seventy-seven thousand, three hundred and fifty-nine naira) representing unspent balances from the Personnel Costs, Overhead Costs and Capital releases of the Council as at 31st December, 2014 was purportedly paid back to the Sub-Treasurer of the Federation vide three payment mandates dated 31st December, 2014. The amount comprised of

		₦	
◆	Capital	-	28,670,467.00
◆	Overhead	-	1,892.00
◆	Personnel	-	<u>5,000.00</u>
TOTAL		=	<u>₦28,677,359.00</u>

However, no acknowledgement Treasury receipts were produced to authenticate and support the purported payments to the Sub-Treasurer. As it was difficult to certify that the unspent balances were actually returned to the Sub-Treasurer of the Federation, the Management of the Council was requested to forward the relevant Treasury receipts obtained from the Sub-Treasurer of the Federation to my Office for verification.

In her response dated 8th February 2016 but received in my Office on 22nd February 2016, the Secretary-General/Registrar forwarded photocopies of two Treasury receipts for the Overhead and Personnel Costs but stated that the receipt for the Capital Expenditure was being awaited. She has been advised to obtain and forward the receipt for the Capital expenditure to enable me satisfy myself that the money was actually received by the Sub-Treasurer of the Federation.

(b) The operating revenue surplus of the Council for 2014 was ₦250,430,491.05 (Two hundred and fifty million, four hundred and thirty thousand, four hundred and ninety-one naira, five kobo). In line with government regulations, the Council was expected to remit 25% of the operating surplus amounting to ₦62,607,622.76 to the

Consolidated Revenue Fund (CRF). However, as at the time of audit in June, 2015, the Council had not remitted this amount to the Consolidated Revenue Fund account of the Federal Government, six months after the end of the financial year. Therefore, the Council was asked to remit the sum of ~~₦~~62,607,622.76 to the CRF of the Federal Government without further delay and forward evidence of remittance to my Office for verification.

In her response, the Secretary-General/Registrar regretted the delay in remitting the operating surplus which was attributed to late conclusion of the 2014 Account to determine the actual excess of income over expenditure. She stated that after adjustments for accrued expenses, the Council arrived at a total operating surplus of ₦139,234,542.59 out of which it intended to remit the sum of ~~₦~~34,808,635.65 to the CRF. Up till the time of compiling this Report in September 2016, evidence of this remittance by the Council was still being expected.

(c) Amounts totalling ~~₦~~875,235.37 which were deducted as PAYE taxes in 2014 were not remitted to the Federal Inland Revenue Service (FIRS) as at the time of periodic check in June 2015. Consequently, the Secretary-General/Registrar was requested to remit the amount plus 20% penalty for late remittance forthwith and forward evidence of remittance for verification.

In her reaction, the Secretary-General/Registrar concurred with my observation and blamed the collecting commercial bank for part of the non-remittance while promising to remit the remaining part on release of 2016 Overhead Cost. I have requested her to furnish me with the update on this matter, which is being kept in view.

(d) Seventy-eight (78) payment vouchers for amounts totalling ~~₦~~35,400,408.23 (Thirty-five million, four hundred thousand, four hundred and eight naira, twenty-three kobo) raised in 2014 for various payments were not produced for audit examination. Therefore, it was difficult to conclude that the payments made on these vouchers were in the interest of Government. The Secretary-General/Registrar was requested to produce the outstanding payment vouchers for audit examination.

In response, the Secretary-General/Registrar forwarded “xeroxed copies of vouchers and cashbook” for my examination. However, she has been requested to forward the original vouchers with all relevant supporting documents for my scrutiny.

(e) The Fixed Assets Register and Schedule kept by the Nursing and Midwifery Council of Nigeria was not updated up to the year 2014, hence it was difficult to ascertain the present position of assets acquired or owned by the Council. As the absence of this record created room for pilfering, misplacement and misapplication of verifiable fixed assets, the Council was asked to compile a comprehensive and up-to-date Fixed Assets Register to assist in tracking and safeguarding the assets of the Council.

The Secretary-General/Registrar concurred with my recommendation which she promised to fully implement. I have not received any update on this matter, up to the time of this Report in September 2016.

All the issues are under correspondence.

FEDERAL MINISTRY OF HEALTH, ABUJA

6.26 At the Federal Ministry of Health Headquarters, Abuja the following observations were made:-

(a) A whopping sum of ₦74,660,500.00 (Seventy-four million, six hundred and sixty thousand, five hundred naira) was paid to a Grade Level 12 officer in the Ministry on 21st July 2014, as personal advance for the Public Awareness Campaign for International Travellers on diseases of International Public Health importance. It is worrisome that such a huge amount of public funds could be entrusted to a Grade Level 12 officer, whose entire terminal service benefits cannot even match the size of the liability. An attempt by the officer to retire the advance in January 2015 was queried by the Internal Auditor for lacking sufficient details of the disbursement of the money. Up to the time of writing this report in September 2016, this huge advance had not been properly retired.

The Permanent Secretary has been requested to forward to me, a detailed breakdown of all the expenses incurred on this programme, fully supported with authentic and verifiable documents from Media Houses, showing Advertisement rates, price lists, period covered and evidence of each advertisement paid for. Otherwise, it will be difficult to accept the expenses as proper and legitimate charges against public funds.

(b) A contractor who was awarded the contract for completion of external works (road works, horticulture, etc) at the Nigeria Centre for Disease control Complex, Gaduwa, Abuja on 24th September 2014 for the sum of ₦35,298,795.00, used an expired Tax Clearance Certificate to support its bid for the contract. This is fraudulent. Obviously, the Technical team of the Ministry who evaluated the bid document was negligent, as they did not do their duty diligently.

I have called for the Permanent Secretary's explanation.

(c) A vehicle survey conducted by my officers revealed that 9 assorted motor vehicles belonging to the Federal Ministry of Health were taken away by some former officials of the Ministry when they left the service of the Ministry. Two vehicles were taken away by two Permanent Secretaries who are now serving in the Office of the Secretary to the Government of the Federation and Ministry of Women Affairs, respectively. The other 7 vehicles were taken away by some Directors of the Ministry who had since retired from service.

The Permanent Secretary, Federal Ministry of Health has been requested to recover these vehicles or their replacement cost forthwith from the officers involved and present them for my inspection, failing which all the officers involved should be prosecuted for unlawful conversion of Government Assets.

(d) Five assorted motor vehicles were discovered to have virtually been abandoned at various mechanic workshops for more than 23 months, without visible effort to repair them or return them to the premises of the Ministry.

The Permanent Secretary has been asked to make concerted effort to either repair the vehicles or return them to the Ministry's premises at once for safe-keeping, boarding or any other legitimate action, informing me of the specific action taken in this regard.

(e) In accordance with Financial Regulation 234(i), it is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same.

(ii) Accounting Officers/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due on vatiable supplies and services shall be sanctioned under the applicable VAT Act No. 102 of 1993 which may include fines and/or imprisonment.

However, at the Federal Ministry of Health, Headquarters, several payments were made without deducting VAT and WHT. For instance, neither VAT nor WHT (amounting to ~~₦8,844,500.00~~) was deducted from the payment of ~~₦88,445,000.00~~ made to the contractor who supplied 14 units of Toyota Hilux pick up vans, paid for through Payment Voucher No. MHQ/OC/R/154/2014 of 18th November 2014.

Similarly, Withholding Taxes totalling ~~₦5,687,112.05~~ (Five million, six hundred and eighty-seven thousand, one hundred and twelve naira, five kobo) were not deducted from two other payments of ~~₦20,875,000.00~~ and ~~₦92,867,250.00~~ made to another contractor on 9th October 2014 for the supply of 3 units and 14 units of Toyota Hilux Pick-up vans respectively, to the Ministry.

The Permanent Secretary has been requested to recover all the undeducted taxes totalling ~~₦14,531,612.50~~ from the two companies immediately, remit the taxes to the Federal Inland Revenue Service and furnish the relevant details for my verification. Otherwise, impose the full weight of law as quoted above.

(f) An amount of ~~₦25,600,000.00~~ was paid to a contractor in Abuja through Payment Voucher No. MHQ/PHS/ACCT/029/2015 dated 23rd February, 2015. The payment was for the supply of Office furniture to Chain Product Management vide contract award letter No. NPSCMPFDS/424/1/27 of 14th January, 2015. However, some of the items valued at ~~₦9,949,100.00~~ were not supplied, as they were neither physically produced nor sighted during an audit verification exercise.

These items should be fully accounted for, failing which their total value of ~~₦9,949,100.00~~ should be recovered from the contractor or the officer who approved the payment and recovery particulars furnished for audit verification.

(g) It was observed from the data gathered from the State Centres of the Port Health Services Unit of the Ministry that a total sum of ~~₦559,075,000.00~~ (Five hundred and fifty-nine million, and seventy-five thousand naira) was generated from the sales of 681,427 units of International Certificate of Vaccination (Yellow Cards) to the public between August, 2013 and March, 2015. However, the Ministry failed to remit the statutory 25% of the amount totalling ~~₦139,768,750.00~~ to the Consolidated Revenue

Fund of the Federal Government, in accordance with Federal Ministry of Finance Circular No. BO/REV/12235/259/VII/201 dated 11th November, 2011.

The Permanent Secretary has been requested to explain this non-compliance and remit the said sum of ₦139,768,750.00 to the Consolidated Revenue Fund of the Federal Government, without further delay.

(h) Between 2013 and 2014, the Port Health Services Unit of the Federal Ministry of Health produced a total of 1,000,000 International Vaccine Certificates (Yellow Cards) in 2 tranches of 500,000 units each at a cost of ₦82,250,000.00, both amounting to ₦164,500,000.00. Out of the 1,000,000 cards produced, 774,120 cards were received in the various State Offices, 182,400 were in Stock while 40,000 cards were held in the Head Office, all totalling 996,520 and leaving 3,480 cards unaccounted for.

The Permanent Secretary has been asked to explain the disparity and account for the missing 3,480 cards valued at ₦572,460.00 at the rate of ₦164.50 per card.

(i) A net sum of ₦13,347,500.00 was paid to 3 contractors in January 2015. The payments, which were made from a commercial bank Yellow Card account through Mandate No. DFA/OD/FLD/12/11 dated 5th January 2015, were purportedly in respect of the consultancy services on assessment and evaluation of Port Health Centres, facilities, equipment, furniture, etc in the various geo-political zones of the country.

It was however discovered that these same payments had previously been made from the Health Emergency Fund Account (EBOLA FUND) through Mandate Nos. DFA/FA/PM/12/005/28 and DFA/FA/PM/12/005/29 dated 12th November 2014, for the same purpose.

Aside the double payments, there is serious doubt regarding the existence and genuineness of the purported transaction that led to the payments.

It was further noted that, although the statutory VAT and WHT on the contracts, amounting to ₦1,405,000.00, were duly provided for and deducted on the face of the relevant payment vouchers, the deducted amounts were not remitted to the relevant Tax Authority, as there was no documentary evidence confirming the remittance.

Curiously, while the Yellow Card Payment Vouchers passed through the Internal Control system of the Ministry and was audited on 29th December 2014, the payment from the Ebola fund did not pass through the Internal Audit for proper checking, as required by the Financial Regulations.

The Permanent Secretary has been requested to thoroughly investigate the circumstances surrounding these two payments, with a view to fishing out those behind the fraud. The result of that investigation should be forwarded to me. All losses to government arising from these transactions should be recovered from those responsible and they should be handed over to the Police or anti-corruption agencies for prosecution, in line with the Financial Regulations.

(j) Amounts totalling ₦137,508,000.00 (One hundred and thirty-seven million, five hundred and eight thousand naira) in respect of 5 different payments made between

December 2014 and January 2015 and which appeared in the Bank Statement for the Zenith Bank account maintained for Yellow Card (No. 1013511826) could not be traced into the relevant Cash book. These irregularities are possibly as a result of incompetence, negligence or deliberate fraudulent action on the part of the schedule officers. No Bank Reconciliation Statement was prepared for this account.

The Permanent Secretary was requested to investigate these cases of incomplete records on Government accounting documents and where negligence, incompetence or fraud is established, impose appropriate disciplinary action on those involved and inform me of his findings.

(k) The sum of ~~N~~49,500,000.00 (Forty-nine million, five hundred thousand naira) was paid to one retired Director in the Federal Ministry of Health, through Payment Voucher No. MHQ/PHS/ACCT/032/2015 dated 9th January 2015, being payment of 3 years rent for his property at Plot 892, Mabushi District, Abuja, which was hired as office accommodation for the National Product Supply Chain Project Management (NPSCPM).

Audit scrutiny of the Payment Voucher revealed the following:-

- (i) The payment of 3 years rent was not demanded by the Landlord, as no evidence of that was seen. Rather, it was the decision of the Committee led by the Director of Finance and Accounts to pay that whopping sum.
- (ii) The mandatory 10% Withholding Tax and 5% VAT amounting to ~~N~~7,425,000.00 (Seven million, four hundred and twenty-five thousand naira) were not deducted on the transaction.
- (iii) According to the Acceptance of Offer Letter from the Ministry to the Landlord, the payment was “inclusive 5% Legal and 5% Agency fees”. The basis for this provision is not clear, since this was a direct negotiation between the Ministry and the Landlord (a former staff of the Ministry). Infact, the Legal Department of the Ministry was sidetracked in this transaction.
- (iv) The attached receipt was a computer print-out, which could be produced by anybody. Moreover, the purported landlord’s signature on the receipt was seen to be quite irregular from his usual signature.
- (v) Contrary to the provisions of the Financial Regulations, this payment was made without passing through the Internal Audit Unit of the Ministry for pre-payment audit check. The payment voucher was post-audited several months after the payment.
- (vi) This transaction is seen as a related parties transaction, especially when the Landlord in question retired from the service of the Ministry only a few months before the transaction was initiated.

On account of the issues raised above, the Permanent Secretary has been requested to explain all the stated infractions, recover the undeducted VAT and WHT amounting to ~~N~~7,425,000.00 and the Legal/agency fees amounting to ~~N~~4,950,000.00

(both totalling ₦12,375,000.00) from the Landlord and forward evidence of all recoveries for my verification.

9.27 In attempt to audit the accounting and other records relating to the affairs of the Nigeria Centre for Disease Control (NCDC), which was hindered by lack of cooperation from the Centre, the following observations were made:-

(a) Following the sudden outbreak of the Ebola scourge/disease in Nigeria and the determination of the Federal Government to contain and control the spread of the disease, a total sum of ₦4,887,079,750.00 was released to control the Ebola disease. The sum of ₦1,992,548,500.00 was released on 11th August 2014 while the balance of ₦2,894,531,250.00 was released on 4th November 2014. The funds were said to be kept in a commercial bank Account Number 0122391169.

Information extracted from the Cash book and copies of Bank Mandates made available to my officers showed that amounts totaling ₦954,680,339.86 were spent between 20th August and 21st December 2014, on various activities including contract awards for supplies of assorted items, thereby indicating a balance of ₦3,605,242,575.70 in the account as at 31st December, 2014.

Regrettably, these figures could not be authenticated/verified owing to the refusal of the Federal Ministry of Health to release the Wema Bank statement of account, the Bank Reconciliation Statements, relevant payment vouchers and other related documents for my examination, despite several written and verbal requests made for them at various times. The items purportedly procured could not be verified. As such, I cannot confirm that the items were actually supplied, that they conformed with the contract quality specifications and that the elements of economy, efficiency and effectiveness were observed in awarding the contracts. Aside the contracts, there were other expenditures such as Duty Tour Allowances and Trainings, the details of which were equally not made available.

Consequently, the Permanent Secretary was requested to kindly release all the documents and records relating to the Ebola Virus Disease Fund (Wema Bank) for my scrutiny, to enable me satisfy myself that the funds were properly spent in accordance with extant regulations and that government actually derived commensurate value for the monies expended.

(b) Similarly, the preliminary examination of the Cash Book and the Bank Statement relating to the First Bank Account No. 20238265786 maintained for the Nigerian Centre for Disease Control (NCDC) by the Federal Ministry of Health revealed that amounts totaling ₦1,193,235,150.77 were paid out to various individuals and corporate entities between January 2014 and June 2015. However, relevant transaction documents such as payment vouchers relating to these expenditures were not made available to my officers for audit.

The Cashbook produced was not properly maintained as specified in the Financial Regulations. The "Bank Reconciliation Statement" presented for audit was also not prepared in accordance with the format in the Financial Regulations. The purported Bank Reconciliation Statement was merely a list of receipts and payments extracted from the Bank Statement. Relevant transaction documents such as payment vouchers, invoices, award letters, Stores Receipt Vouchers, etc. relating to

the expenditures were not produced for audit. Therefore, I am unable to certify that these transactions were properly conducted in the interest of the Federal Government.

The Permanent Secretary has been requested to produce all the Payment Vouchers and other documents relating to this account for the period January 2014 – December 2015 for my examination, in line with Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) and Financial Regulation 110.

All the issues were brought to the attention of the Permanent Secretary through my Audit Inspection Report referenced OAuGF/HAAD/FMOA/16/011 and dated 7th September 2016. His response is still being awaited.

FEDERAL NEURO-PSYCHIATRIC HOSPITAL, KWARE, SOKOTO STATE

6.28 At the Federal Neuro-Psychiatric Hospital, Kware, Sokoto State, the following observations were made:-

(a) A Toyota Lexus GX470 Sports Utility Vehicle purchased in December, 2013 for the Board Chairman at a cost of ₦7,700,000.00 was taken away by the former Board Chairman after the dissolution of the Board, and has not been returned at the time of audit in August 2015. Necessary documents such as Invoice and Delivery Note showing the Chassis and Engine Numbers were not attached to the 3 payment vouchers relating to this procurement and the vehicle was not taken on charge in the store at the time of purchase.

The Medical Director has been requested to recover the vehicle or the sum of ₦4,620,000.00 being the present value of the vehicle as per Financial Regulation 2622(a), from the former Chairman.

(b) Records examined showed that a total sum of ₦6,601,046.00 was generated by the Hospital from rent of government properties/staff quarters and medical registrations in 2014. However, only a sum of ₦451,906.87 was remitted to the Consolidated Revenue Fund account of the Federal Government as 25% IGR instead of ₦1,650,261.50 due to the Federal Government, as at the time of Audit in August, 2015.

The Medical Director has been requested to remit the shortfall of ₦1,198,354.63 to the Consolidated Revenue Fund and forward evidence of remittance to my Office for verification.

(c) Seventy-three (73) payment vouchers for amounts totaling ₦17,258,328.64 (Seventeen million, two hundred and fifty-eight thousand, three hundred and twenty-eight naira, sixty-four kobo), raised between January and November 2014 for various payments were not produced for examination. These payment vouchers were either not raised at all or missing, as they could not be produced for audit examination in August 2015 when the Audit Team visited.

As it is difficult to conclude that the payments on them were made in the interest of the Government, the Medical Director has been requested to kindly produce all the payment vouchers for my scrutiny.

These issues were brought to the attention of the Medical Director through my Audit Inspection Report with reference number OAuGF/HAAD/PC/PSY/SOK/16/01 and dated 27th July, 2016. His response is still being awaited up to the time of compiling this Report in September, 2016.

**NATIONAL INSTITUTE FOR PHARMACEUTICAL RESEARCH
AND DEVELOPMENT, IDU, ABUJA**

6.29 At the National Institute for Pharmaceutical Research and Development, Idu, Abuja, the following observations were made:-

(a) Amounts totaling ~~N~~69,500,000.00 (Sixty-nine million, five hundred thousand naira) were transferred in 2013 and 2014 from the CBN Capital Account into a Project Account maintained in a commercial bank to effect payment for various projects of the Institute.

The propriety of this indirect channel of payment instead of paying directly from the CBN Capital Account was not explained. Consequently, the Director-General was requested to:

- (i) Provide details of all projects executed with these funds, showing evidence of completion of the projects.
- (ii) Explain the rationale for the transfers to the commercial bank account instead of paying directly from the CBN account.
- (iii) Produce the authority for the operation of the commercial bank account.

(b) A total sum of ~~N~~3,030,022.75 (Three million, thirty thousand, twenty-two naira, seventy-five kobo) was remitted to the Consolidated Revenue Fund as the Federal Government share of Internally Generated Revenue (IGR). The amount was composed of:

			N
31/07/2013	-	Unpaid balance of 2012 IGR	678,894.00
	-	2013 Half Year (Jan – July)	1,491,600.00
	-	75% Disposal of Fixed Assets-	472,500.00
	-	2014 January – August	<u>387,028.75</u>
		TOTAL	= <u><u>N3,030,022.75</u></u>

The Audit Team was denied access to the Revenue Cashbook despite repeated demands. Therefore, I cannot substantiate the stated figures. It was however noted that the sum of ~~N~~630,000.00 realized from the disposal of fixed assets

should have been remitted in whole to the Federal Government, instead of the 75% remitted.

The Director-General has been requested to remit the balance of ₦157,500.00 from the disposal of fixed assets to the Consolidated Revenue Fund as well as produce evidence of remittance of the Federal Government share of IGR for the periods, August – December, 2013 and September – December 2014, which were not included in the remitted amounts.

(c) Sixteen (16) payment vouchers raised between July and December, 2013 for amounts totaling ₦26,329,348.19 (Twenty-six million, three hundred and twenty-nine thousand, three hundred and forty-eight naira, nineteen kobo) were not produced for audit inspection, despite repeated demands for them during the periodic check.

As it is difficult to accept the payments on them as legitimate charges against public funds, the Director-General has been requested to produce the payment vouchers for my inspection.

These observations were brought to the attention of the Director-General through my Audit Inspection Report dated 27th July 2016. His response is still being awaited up to the time of compiling this Report in September 2016.

NATIONAL AGENCY FOR FOOD, DRUG ADMINISTRATION AND CONTROL (NAFDAC)

6.30 During the periodic check of the National Agency for Food, Drug Administration and Control (NAFDAC), Abuja for the period January to December, 2013, the following observations were made:-

(a) The sum of ₦30,652,112.47 (Thirty million, six hundred and fifty-two thousand, one hundred and twelve naira, forty-seven kobo) was paid as insurance premium for one year to CITA Insurance Brokers Ltd vide payment voucher no. 12132 dated 10th December, 2012, in respect of 76 (Seventy-six) vehicles owned by the Agency. The list of vehicles insured and other relevant information about the vehicles such as year of purchase, cost price, registration particulars, vehicle chassis and engine numbers, etc that would help to ascertain the reasonableness of premium paid were not attached to the payment voucher.

The Director-General has been requested to justify the payment of that amount as insurance premium; otherwise the amount should be recovered from the insurance broker.

(b) The Agency engaged an auctioneer in 2013 for the purpose of selling some of its properties nationwide. ₦6,180,150.00 (Six million, one hundred and eighty thousand, one hundred and fifty naira) was realized from the sale and 5% of the amount realized was paid as commission to the auctioneer. There was no evidence of the remittance of the amount realized from the sales to the Consolidated Revenue Fund.

The Director-General of the Agency has been requested to properly account for the sales, detailing items auctioned, receipts, payment mandate and documentary evidence that the money has been paid to the Consolidated Revenue Fund of the Federal Government.

(c) It was observed from sampled payment vouchers, that an amount of ₦925,000.00 was over paid to Board members as sitting allowance during the period under review. An amount of ₦3,521,000.00 vide payment voucher No. 00016636 (1149B) of 22nd July, 2013 was paid to a staff as transport expenses and per diem to NAFDAC Governing Council Members in respect of Council meeting scheduled to take place in Abuja on 29th to 31st July, 2013. Examination of the payment voucher revealed an overpayment to the tune of ₦925,000.00 to the members of the Governing Council, which resulted from the computation of their sitting allowance per day instead of per sitting, contrary to the provisions of National Salaries, Incomes and Wages Commission circular Ref. No. SWC/S/04/S.310/106 of 10th June, 2010.

The Director-General has been requested to ensure that sitting allowances for all future Board meetings should be per sittings and not per day as well as recover the sum of ₦925,000.00 from the respective council members, furnishing recovery particulars for verification.

(d) Value Added Tax and Withholding Tax amounting to ₦87,589,133.76 (Eighty-seven million, five hundred and eighty-nine thousand, one hundred and thirty-three naira, seventy-six kobo) deducted from payments to contractors was not promptly remitted to the relevant tax authority as required by Financial Regulation 235 which stipulates that "Deductions for VAT, WHT and PAYE shall be remitted to the Federal Inland Revenue Service at the same time the payee who is the subject of the deduction is paid".

The Director-General has been asked to explain why statutory taxes were not remitted to the relevant tax authorities.

(e) It was observed that staff claims totaling ₦10,131,583.00 meant for several officers per diem/duty tour allowances were disbursed through an officer's account, rather than paying into individual beneficiary bank accounts as required by the Federal Government e-payment circular of Ref. No. TRY/A8 & B8/2008 dated 22nd October, 2008. There was no evidence of prompt acknowledgement by the purported beneficiaries.

The Director-General has been advised to ensure strict compliance with the provisions of the Circular cited above in the disbursement of staff claims.

(f) The Agency spent ₦27,503,543.00 (Twenty-seven million, five hundred and three thousand, five hundred and forty-three naira) on payment of Estacode allowances/course fees and travelling expenses for International courses, while a total sum of ₦7,035,960.00 (Seven million, thirty-five thousand, nine hundred and sixty naira) was expended on local courses. There was no documentary evidence to confirm that the affected officers attended the various programmes.

The Director-General has been requested to provide documentary evidence confirming that the beneficiaries actually attended the training programmes, else, the sum expended on both international and local courses should be recovered.

(g) Cash advances amounting to ₦53,390,281.00 (Fifty-three million, three hundred and ninety thousand, two hundred and eighty-one naira) were granted to staff in excess of ₦200,000.00 for procurement of goods and services, contrary to the provisions of the Financial Treasury Circular No. TRY/A2 & B2/2009 OAGF/CAD/026/V of 24th March, 2009 which states in part (3) that "All Accounting Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be through the award of contracts".

The Director-General of the Agency has been advised to adhere to the directive as contained in the Treasury Circular cited above and ensure that the sum of ₦53,390,281.00 is fully retired and the retirement particulars furnished to my Office for verification otherwise recover the sum en-bloc from the staff.

(h) The Agency's records that the sum of ₦19,203,122.50 (Nineteen million, two hundred and three thousand, one hundred and twenty-two naira, fifty kobo) was disbursed by the Agency on financial request of the Federal Ministry of Health, contrary to the provision of circular Ref. No. 59515/S.22/14/1/401 dated 25th August, 1998 which forbids interference of the supervising Ministry in the financial affairs of its Parastatals.

The Director-General has been requested to explain why the fund released for the operation of the Agency was expended on request by the Federal Ministry of Health. Also he was required to recover the total sum involved and furnish my Office with the recovery particulars for verification.

(i) A total sum of ₦3,802,036.00 (Three million, eight hundred and two thousand and thirty-six naira) was disbursed to Stargold Travels & Tours Ltd being refund of out of pocket expense (OPE) incurred on return tickets for 2 (Two) Senators to Geneva, Switzerland to attend World Health Assembly between 20th to 24th May, 2013. The payment made contravenes the provisions of Federal Circular Ref. SGF.6/VIII dated 8th May, 2008 which stopped the practice of MDAs initiating or acceding to the request for financial assistance or contribution to the National Assembly or its Committees to facilitate their activities, in particular in the carrying out of their oversight function since every arm of Government has its own budgetary allocation to fund their activities.

(j) The Agency claimed to have purchased store items totalling ₦48,867,599.78 (Forty-eight million, eight hundred and sixty-seven thousand, five hundred and ninety-nine naira, seventy-eight kobo), but examination of the payment vouchers revealed that no Store Receipt Vouchers (SRVs) were attached to authenticate the claim of the Agency., This contravenes the provisions of Financial Regulation 2402 (i) which states that "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 received voucher number and attaching the original copy to the store receipt voucher to the original LPO".

The Director-General of the Agency has been instructed to provide evidence of the purchase of the store items, or the sum of ~~₦~~48,867,599.78 purportedly spent on those store items be recovered from the affected staff and contractors forwarding recovery particulars to me for verification.

(k) Payment Voucher No. 16603 (1064) of 19th July, 2013 in favour of Sheraton Hotels, Abuja totaling ₦1,200,000.00 (One million, two hundred thousand naira) being payment for the Agency's deposit account with Sheraton Hotel, Abuja in respect of the Agency's Board Members. Examination of the paid voucher revealed that the Agency maintains a deposit account with the Hotel for the accommodation of Board Members. This is against the Government policy of paying for services not yet rendered.

The Director-General of the Agency has been asked to make available the account statement with Sheraton Hotels from inception to date of the deposits for audit scrutiny.

All the irregularities above have been brought to the attention of the Director-General for prompt action. His response is still being awaited.

6.31 During the periodic check of the National Agency for Food, Drug Administration and Control (NAFDAC), Abuja for the period January to December, 2014, the following observations were made:-

(a) Contingency provisions made in contracts awarded for the supply and installation of 11KVA Feeder Pillar at the Central Laboratory, and construction of perimeter fence and gate house at Kyami were paid to the contractor without following the approved procedure for payment of contingency provisions laid down by the Public Procurement Act, 2007. Contingency is a provision in contract for uncertainties that were not be anticipated prior to contract award. However, its payment is subject to the approval of the Tenders Committee based on the occurrence of the unanticipated circumstance. It was noted that Management paid the total sum of ₦10,745,230.30 to the contractors without any report and approval from the Tenders Committee.

The Director-General of the Agency has been requested to recover the amount of ₦10,745,230.30 paid for Contingencies from the contractors and forward evidence of recovery to my Office for verification.

(b) A critical review of documents relating to the award of contract for the supply and installation of 11KVA Feeder Pillar/station at Isolo office revealed that the contract was varied midstream. The contract was awarded on 27th January 2014 at ₦41,902,949 but was latter increased to ₦70,192,500 without any approval for the variation as spelt out by the provisions of the Public Procurement Act 2007. Efforts by the Audit Team to see the approval and the process followed by the Ministerial Tenders Board for the variation were rebuffed. It appears that the procedure for contract variation was not followed but payments were made on them.

The Director-General has been asked to recover the amount paid as Variation from the contractor and furnish evidence of recovery to my Office for verification.

(c) Several contracts totaling ₦114,413,654.16 (One hundred and fourteen million, four hundred and thirteen thousand, six hundred and fifty-four naira, sixteen kobo) were awarded during the period under review without following due process as spelt out in Public Procurement Act, 2007, thus defeating the control purpose of competitive bidding among intending companies and sidetracking the controls put in place, through collusion with staffers of the Agency.

For instance, in the contract for the supply of Computer Consumables and Toners awarded to a contractor, 2 (Two) of the competing contractors are situated at the same address while 2 (Two) other companies had the same telephone number.

Apparently, this is a case of a single contractor masquerading behind 3 shell companies to secure the contract at all costs.

Also, in another contract for general servicing and maintenance of air-conditioners, the other competing bidders were not disclosed, despite requests for the bidding documents. It is therefore contended that there was no competition for this contract which was evidently awarded to the preferred contractor without contest.

The Director-General has been requested to investigate these obvious short-circuits which were solely designed to short-change the system and identify the collaborating staff of the Agency that assisted or aided the contractors in the fraudulent escapades. In addition, the contractors should be blacklisted while the collaborating staff should be severely sanctioned to act as a deterrent to others.

(d) The contract for the supply and installation of Furniture to NAFDAC acquired Office Building in Isolo, Lagos was awarded by NAFDAC Ministerial Tenders Board at the cost of ₦370,175,080.00. The contract is above the official limit of the Ministerial Tenders Board and should have been referred to the Federal Executive Council, (FEC).

I have called for the Director-General's explanation of this flagrant disregard of authorized approval thresholds.

(e) A critical review of contracts awarded by NAFDAC during the year under review revealed that the Director-General single handedly awarded contracts worth over ₦1.1 Billion naira before obtaining Tenders Committee ratification. The report of the Tenders Committee was requested for but it was discovered that the DG gave approvals prior to the meetings of the Tenders Committee. It was further observed that these contracts were above the official approval threshold of the Director General for construction and services. The DG awarded these contracts with a caption "BRING UP FOR BOARD RATIFICATION". The practice constitutes Executive impunity and tantamount to turning the Board to a mere rubber-stamp.

The Director-General has been requested to explain this practice of executive recklessness and impunity.

(f) Two (2) payment vouchers Nos. 23152 and 23301 each for the sum of ₦3,213,256.00 (Three million, two hundred and thirteen thousand, two hundred and

fifty-six naira) were used to make the same payment twice. The payment was in respect of flight Ticket for two Honourable Judges to attend a conference on legal protection of consumers on food and drugs. It was discovered that the internal memo dated 17th April 2014 was used twice on the two payment vouchers; one was signed while the other was not signed.

The Director-General has been requested to recover the extra payment of ₦3,213,256.00 (Three million, two hundred and thirteen thousand, two hundred and fifty-six naira) from the Agent and pay back to the CRF, while the paying officer should be sanctioned for the duplicated payment.

(g) Audit scrutiny of the Agency's Bank account with a Lagos based commercial bank revealed that NAFDAC spent the total sum of ₦768,564,038.05 on communication and sensitization programmes. These programmes were carried out on behalf of the Agency by (4) four Companies. The Board questioned the amount during one of its meetings but the DG responded that "expenses on communication will be recouped from advert". However, evidence of the amount recouped through this was not provided.

The Director-General has been requested to justify the legitimacy of the huge amount spent on communication and sensitization and produce proof that the amounts have been recouped from adverts, as claimed by the DG.

(h) In the course of examining Bank Statements of the Agency, it was observed that an officer of the Agency made several daily withdrawals that amounted to ₦44,451,552.00 on a particular day. Some of these withdrawals were for other staff, contractors and third parties, thereby contravening the e-payment policy on direct payments to beneficiary's accounts.

The Director-General has been requested to justify this volume of withdrawals by a single officer in one day.

(i) In the process of examining the minutes of the 5th NAFDAC Board meeting, it was discovered that an approval for term loans of ₦1,510,000,000.00 at 14% interest and ₦1,000,000,000.00 at 22% interest from 2 separate commercial banks, were granted by the Board and the Honourable Minister of Health. Approval by Debt Management Office (DMO) for the facility was not tendered for audit review. It was noted that the higher amount was secured of a lower interest rate while the smaller amount was obtained at a higher interest rate. The justification for the two loans was not understood, especially as the Agency generated ₦9.2 Billion within the year.

The Director-General has been requested to justify the need for the loan despite the amount of internally generated revenue for that year.

(j) It was observed from one of the Bank accounts maintained by NAFDAC that ₦50,000,000.00 was placed in a fixed deposit account for a period of 90 days and the investment income earned for the period was ₦1,269,230.77. There was no evidence that this amount was remitted to the Consolidated Revenue Fund (CRF) in line with the provisions of Financial Regulations 222 which states that "Interest earned on bank accounts must be properly classified on appropriate revenue head of Accounts and

paid to the Consolidated Revenue Fund” and 3207 which states that, “all interest earned from moneys placed on deposit account on the approval of the Accountant-General shall be paid into the CRF of the Federal Government and shall be classified to budget Code 6700 and subhead 4100.

The Director-General has been requested to provide evidence of remittance of the interest yielded from the investment to the Consolidated Revenue Fund (CRF).

(k) It was observed that Zonal and State Offices of the Agency run on imprest system. The amount stipulated by Financial Regulations as imprest was violated at will and some Officers were given as much as ₦1,500,000.00 on quarterly basis. Amounts totaling ₦284,982,764.52 were disbursed under this arrangement as quarterly imprest. Some of them were not properly retired.

The Director-General has been requested to explain the propriety of adopting the imprest system to run the Zonal and State Offices, where the bulk of the activities of the Agency take place.

(l) A critical examination of the General Ledger for newly procured operational vehicles by NAFDAC revealed the following:-

(i) Approved amount by the President vide Secretary to the Government of Federation letter Ref. 59118/S.3/11/57 dated 1/8/14 for purchase of the vehicles was ₦430,806,052.60.

(ii) The brand of vehicles approved are IVM Pick up, IVM 6800 Bus 33 Seater Diesel Engine and Peugeot 408 Prestige car. Instead, the Agency procured Luxury Chevrolet Bus, Peugeot 508 cars, Nissan Buses and Toyota Hilux. This is a complete departure from the approval granted.

(iii) The cost of the newly acquired vehicles was ₦653,589,286.00 as against the approved amount of ₦430,806,052.60.

I have called for the Director-General’s explanation.

(m) A critical examination of Payment Voucher Number 22536 dated 12th June 2014 revealed that the Director-General was collecting an average sum of ₦750,000.00 on monthly basis as operational allowance. The basis of this payment is not clear. The Audit Team requested for explanations but none was provided to justify the allowance. This was an outright payment for unknown services by the DG.

The Director-General has been requested to justify this payment with relevant approvals and circular(s) backing such payment.

(n) It was observed from the general ledgers on Asset disposal that the Agency realized the sum of ₦70,986,685.78 from disposal of Fixed Assets. Evidence of remittance to the Consolidated Revenue Fund of the proceeds of disposal was requested for by the Audit Team but Management did not produce any at the time of the Audit exercise. It was therefore difficult to certify that the money was remitted to Government coffers.

The Director-General has been asked to produce evidence that the sum of ₦70,986,685.78 realized from the disposal of fixed assets were remitted to the Consolidated Revenue Fund of the Federal Government as and when due.

(o) Audit evaluation of some allowances paid to the Director-General and his Special Adviser revealed that per diem allowances to the tune of ₦3,349,240.00 were duplicated. Some of the payments were made for the DG and his S.A for official trips to different states/locations and places on the same date at different Geo-political zones of the country. The Team requested for explanations in case of changes of date or postponement of any of the events that necessitated double payment but none was provided.

The amount dubiously collected should be refunded by the beneficiaries and recovery details furnished for verification.

(p) Further review and analysis of Revenue generated and the records of remittances to the CRF revealed that the Agency short-changed the government by remitting less than the expected amount to the CRF. It was observed that NAFADC remitted ₦434,727,242.01 instead of ₦2,313,172,299.13 which is 25% of ₦9,252,689,296.50, thereby short-changing government to the tune of ₦1,878,445,057.12.

The Director-General has been requested to remit the shortfall of ₦1,878,445,057.12 to the Consolidated Revenue Fund and forward evidence of compliance for my verification.

(q) The audit of the payment of the sum of ₦28,500,000.00 (Twenty-eight million, five hundred thousand naira) to a Communication company in respect of grassroots anti-counterfeit awareness campaign on the use of mobile authentication in Kano, via payment voucher number 22368 dated 18th June 2014, revealed the following unacceptable expenditures:

- (i) Honorarium to organize the event ₦2,500,000.00 (No details)
- (ii) Media coverage ₦2,300,000.00 (Details not given)
- (iii) Feeding and drinks for 15,000 people ₦12,000,000.00 (Identify of the people were not disclosed).
- (iv) T. Shirts ₦4,500,000.00 (Number and unit cost not stated).
- (v) Payment for venue ₦1,500,000.00 (Location not disclosed)
- (vi) Local transportation ₦4,400,000.00 (For whom and to where?)

The Director-General has been requested to provide me with more details about these expenditures and support them, where possible, with authentic documents and evidences, before they can be accepted as proper and legitimate charges against public funds.

(r) It was observed that NAFDAC signed an MoU with a company for the production of a film on NAFDAC titled "SUNSET". The total cost of producing the film was ₦75,000,000.00 (Seventy-five million naira). The memorandum of understanding was signed in February 2014 but as at the time of the audit exercise in December

2015, the film was yet to be released. The Audit Team asked for anticipated deliverables of the Film when it was eventually released and the targeted audience but the responses to the query seemed to indicate that the project had been abandoned, even with ~~₦~~60,000,000.00 advance already paid. The DG single-handedly approved this project without recourse to the Tenders Board, in anticipation of the Board's eventual ratification.

The Director-General has been asked to explain this whole transaction, justify the production of this film and enlighten me on the position of the ~~₦~~60,000,000.00 (Sixty million naira) already paid to the company.

(s) Forty-six (46) payment vouchers for amounts totalling ~~₦~~223,342,718.82 (Two hundred and twenty- three million, three hundred and forty-two thousand, seven hundred and eighteen naira, eighty-two kobo) were not presented for audit during the exercise. It was discovered that payments were effected via the Bank mandate without vouchers, contrary to Financial Regulations.

The Director-General has been requested to kindly explain the disbursement of this huge sum without payment vouchers.

The response of the Director-General to all the issues raised is still being expected, despite my reminders, dated 2nd August 2016 and 2nd September, 2016.

VETERINARY COUNCIL OF NIGERIA, ABUJA

6.32 At the Veterinary Council of Nigeria, Abuja the following were observed:-

(a) An overpayment of ~~₦~~307,500.00 was observed in respect of contract for Investment Education Training which was awarded to a company on 10th November 2014 at a cost of ~~₦~~3,500,000.00. A review of the payment voucher and bank mandate dated 24th November 2014 revealed that a net amount of ~~₦~~3,307,500.00 was paid to the contractor instead of the correct amount of ~~₦~~3,000,000.00, thereby resulting in the overpayment. The Registrar was therefore asked to recover the overpayment from the contractor, remit same to the Consolidated Revenue Fund (CRF) and furnish evidence of recovery and remittance for audit verification.

In his response dated 17th May 2016, the Registrar concurred with my observations and regretted the "oversight on the part of the Accounts Section". He was however silent on the issue of recovery of the overpayment. I have re-emphasized to him the need to recover and pay to Government coffers the overpaid sum of ~~₦~~307,500.00. His further reaction is being awaited.

(b) The Council paid a sum of ~~₦~~10,064,954.25 to a company vide mandate dated 25th December 2014 as 15% mobilization fee for the construction of Veterinary Specialist Hospital in Kubwa (FCT). A visit to the proposed site of the Hospital revealed that almost a year after the payment was made, the contractor has neither mobilised nor commenced work at the site. Enquiries showed that the Council made the payment even when necessary approvals for the construction of the Hospital had

not been obtained from the appropriate authority (FCT Development Control). As at the time of audit in August 2015, the Council has not been able to secure necessary approval even while the paid mobilization fee is still in the custody of the contractor. It would appear that the Council “put the Cart before the Horse” by this advance payment to the contractor before seeking approval for the proposed construction. It was further observed that the Council had not taken any practical step toward recovering the un-utilized mobilization fee from either the contractor or his guarantor. The Council, by this act, had not only exposed public funds to unnecessary risk but it seems that Management acted more in the interest of the contractor than that of the general public.

The Registrar was asked to explain the payment of mobilization fee even before seeking for building plan approval and to recover the full amount of ₦10,064,954.25 from the contractor forwarding evidence of recovery for audit verification.

Responding, the Registrar explained that the amount in question represented a part payment of the mobilization fee which was paid based on the commitment from the Department of Development Control that the building plan has been “recommended for implementation”. This turned out to be pre-emptive because the building plan was eventually not approved. He stated that a new site along the Airport Road has been allocated to the Council while Right of Occupancy (R of O) was being awaited to finalize building plan approval before the contractor mobilizes to site. In view of this, the Council did not intend to ask for a refund of the money from the contractor since the project is on-going and appropriated for. Furthermore, the Council gave me definite assurances that this transaction will not result in a loss to government.

The matter is being kept in view.

(c) The Council generated the sum of ₦51,298,642.10 as Internally Generated Revenue (IGR) during the period under review. However, there was no evidence that 25% of the amount, which translates to ₦12,824,660.53, was paid into the Consolidated Revenue Fund as required by extant regulations. Consequently, the Registrar was asked to remit the sum of ₦12,824,660.53 to the Consolidated Revenue Fund and forward evidence of remittance for audit verification.

The Registrar explained that the law establishing the Council provides for it to utilize its Internally Generated Revenue (IGR) to defray its cost. It was in compliance with this law that the sum of ₦51,298,642.10 was used to defray costs incurred in carrying out Council activities which appropriation could not meet. He stated that despite the requirement of their Act, the Council paid the sum of ₦6,615,834.72 into the Federal Government Account in 2014.

The argument of the Council is not tenable because Federal Ministry of Finance Circular Ref. BO/REV/12235/259/VII/201 of 11th November 2011 imposes a maximum expenditure ceiling of 75% of gross IGR on Government Agencies, which implies that a minimum of 25% of gross IGR belongs to Government. On account of this, the Registrar has been requested to remit without further delay, the additional sum of ₦6,615,834.72, being the difference between the amount due to Government

and the sum remitted earlier, to the Consolidated Revenue Fund and provide evidence for my verification. His reaction is being awaited.

All the issues are under correspondence.

FEDERAL MEDICAL CENTRE, NGURU, YOBE STATE

6.33 At the Federal Medical Centre, Nguru, Yobe State, the following observations were made:-

(a) Thirteen (13) payment vouchers raised between January 2014 and December 2015 in favour of different companies and individuals for sums totaling ~~₦~~25,250,635.64 (Twenty-five million, two hundred and fifty thousand, six hundred and thirty-five naira, sixty-four kobo) for supplies and various services were not adequately supported with relevant documents such as Stores Receipt Vouchers (SRV), Utility bills, Contract award letters, etc, contrary to Financial Regulation 603(i) which provides that "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".

The Medical Director has been requested to kindly produce the relevant supporting documents relating to all the payments totaling ~~₦~~25,250,635.64 for my examination, otherwise, it will be difficult to accept the expenditures as legitimate charges against public funds.

(b) A total sum of ~~₦~~33,721,535.64 utilized by the Medical Centre in the year 2014 to pay for visiting Doctors uniform allowance and locum allowances was wrongly charged to Personnel cost, contrary to Financial Regulation 417 which stipulates that "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". This is an indication that the Medical Centre has an over-blotted Personnel vote which it deploys for unrelated expenditure.

The total sum of ~~₦~~33,721,535.64 should be paid back to the Consolidated Revenue Fund (CRF) account by the Centre as incorrectly charged expenditure and evidence of payment forwarded to my Office for confirmation.

(c) Examination of the records on Motor vehicles belonging to the Centre and the follow-up physical inspection of pool vehicles revealed that 3 (Three) motor vehicles were not accounted for by the Centre. Further inquiries revealed that the former Board Chairman and the former Medical Director left with the vehicles at the expiration of their tenures, as shown below:

S/N	VEHICLE TYPE	REGISTRATION NUMBER	CHASSIS NUMBER	SCHEDULE
1.	Toyota Prado	FD 277512	D606006858832IR	FMR BOARD CHAIRMAN
2.	Toyota Prado TX	-	JTEBA9FJ2K1572199	FMR BOARD CHAIRMAN
3.	Toyota Prado TX	-	JTEVX9XE504901	FMR M.D.

As the vehicles have still not been returned by the officials, the Medical Director was requested to ensure that these vehicles are immediately recovered from them and my Office informed for necessary physical inspection. Otherwise, the replacement cost of the vehicles should be recovered from the officials and recovery details forwarded for audit verification.

(d) The Fixed Assets Register kept by the Centre was not up-to-date. The importance of up-dated Fixed Assets Register cannot be over-emphasized as it shows at a glance, the asset owned by the Centre. A properly up-dated Fixed Assets Register will reflect the date of purchase, purchase price, make of assets, location, model, identification, depreciation rate, present book value, condition of the asset and so on.

The Medical Director has been requested to up-date the Fixed Asset Register to reflect current asset information and position and present same for my verification.

The response of the Medical Director to all the issues raised is being awaited.

PART C: EDUCATION AND RESEARCH INSTITUTIONS

FEDERAL POLYTECHNIC KEBBI, KEBBI STATE

6.34 During the audit examination of the books and records of accounts of the Federal Polytechnic, Kebbi, Kebbi State, the following observations were made:-

(a) The Polytechnic audited accounts for the years 2013 to 2015 have not been submitted to the Auditor-General for the Federation as required by Section 85, Sub-section 3a(ii) of the Constitution of the Federal Republic of Nigeria 1999 as amended.

The Rector has been mandated to submit this document as required by law.

(b) Cash advance record and related accounting books of the Polytechnic revealed that payments totaling ₦3,656,000.00 (Three million, six hundred and fifty-six thousand naira) were made as advances. This remained un-retired as at the time of audit, contrary to extant regulations which stipulates that all advances must be retired on or before 30th December of the year.

The Rector has been asked to ensure that all these advances are retired or deduct en-bloc from the affected officers salaries and forward the particulars for audit verification.

(c) It was observed that the sum of ₦116,220,000.00 (One hundred and sixteen million, two hundred and twenty thousand naira) were mis- applied under the recurrent vote for purposes such as payment of monthly security services and cleaners. The management of the Polytechnic could not give a cogent reason for the payment of unrelated expenses from Personnel Account. Financial Regulation 316 requires that approval must be obtained before virement of funds from one head of account to another or from one sub-head to another. This practice also violates extant regulation 417, which states that expenditure shall strictly be classified with the estimate, and votes must be applied solely for the purpose for which the money is provided.

(d) Job and services worth ₦16,132,226.00 (Sixteen million, one hundred and thirty-two thousand, two hundred and twenty-six naira) were executed through cash advances granted to some members of staff. This practice contravenes the regulations and has denied the Federal Government its revenue in form of withholding Tax and Value added Tax amounting to ₦1,616,220.00 which would have accrued to it.

All the irregularities have been conveyed to the Rector through my Audit Inspection Report Ref:OAuGF/69/VOL./5 of 19th September, 2015 and his response is still being awaited.

FEDERAL POLYTECHNIC, EKOWE, BAYELSA STATE

6.35 During the audit of accounting records of the Federal Polytechnic, Ekowe, Bayelsa State, the following observations were made:-

(a) Capital Vote Expenditure released according to Central Bank of Nigeria statement in respect of the Polytechnic Capital Account, showed that the following allocations were credited to the account on the date as stated below:-

	N
03/04/2013	- 54,289,043.00
12/06/2013	- 50,706,885.00
02/07/2013	- <u>53,225,494.00</u>
TOTAL	= <u>N158,221,422.00</u>

Out of this, payments were made to 10 (Ten) different contractors that were claimed to have rendered various services to the Polytechnic ranging from Audit Services, supply and installation of Fire Fighting Equipment, Purchase of Furniture etc. Thirteen (13) payment vouchers were raised for amounts totaling N158,194,978.00 (One hundred and fifty-eight million, one hundred and ninety-four thousand, nine hundred and seventy-eight naira) between July and December, 2013.

During the audit, several attempts were made to ascertain the cost, ownership, valuation and existence of the assets acquired, projects executed and services rendered, to no avail. The following documents were also requested for but were not produced.

- (i) Tenders Board Minutes
- (ii) Quotations/Bill of Quantities
- (iii) Contract files
- (iv) Assets Register etc.

A request for a guided tour to physically inspect the contracts was rebuffed. In the absence of these vital documents, the transactions could not be regarded as genuine payments from Government coffers and should be refunded. Also, furnish me with the recovery particulars for verification.

(b) The sum of N30,610,000.00 (Thirty million, six hundred and ten thousand naira) was paid to a company on 2 (Two) separate vouchers Nos. I0046 and 0083 dated 18/02/2013 and 26/03/2013 respectively, as repayment of borrowed fund. This is contrary to financial guideline regulating the operation of parastatals as encapsulated in Financial Regulation 3205 which states that no loan or any form of advance shall be obtained from the Bank or otherwise without prior approval from the Debt Management Office.

The Rector has been requested to explain why he contravened this extant law and also how he expended the loan.

(c) The sum of ~~₦4,600,000.00~~ (Four million, six hundred thousand naira) was approved in favour of 12 (Twelve) Governing Council members as payment in respect of governing council expenses for the month of November and December, 2013. It was noted from one of the attachments to the voucher, that what each member of the council was entitled to was indicated and was signed for. But 13 items amounting to ~~₦3,000,000.00~~ were for security. Explanation should be provided that will clearly ascertain the beneficiaries of the security payment of ~~₦3,000,000.00~~, otherwise the sum should be recovered and the recovery particulars forwarded to my Office for verification.

(d) A sum of ~~₦2,499,000.00~~ (Two million, four hundred and ninety-nine thousand naira) was raised and paid from other charges account on payment voucher number 0004 on a date not stated on the voucher in favour of a Consultant for professional service rendered to the Polytechnic in 2013.

The details of the services are as follows:-

			₦
(i)	2013 Estimates	-	985,000.00
(ii)	Accounting Manual	-	864,000.00
(iii)	MTSS	-	<u>650,000.00</u>
	TOTAL	=	<u>₦2,499,000.00</u>

Scrutiny of the payment voucher and the attached documents showed that all the documents attached belong to a different organization whose address is No. 13 CE Efik Road Marafa Estate, Kaduna. The amount was paid in cash instead of e-payment, as required by extant regulations.

The Rector has been requested to explain why the amount of ~~₦2,499,000.00~~ (Two million, four hundred and ninety-nine thousand naira) was paid in cash and why the Polytechnic could not produce her budget, accounting manual or MISS. This is an evidence that money is being spent because it is available. The Rector should refund the sum of ~~₦2,499,000.00~~ (Two million, four hundred and ninety-nine thousand naira) to Government Coffers and furnish me with the recovery particulars for verification.

(e) Twenty-six (26) payment vouchers for amounts totaling ~~₦73,920,000.00~~ (Seventy-three million, nine hundred and twenty thousand naira) were raised from Overhead Cost Account as security charges during the period under review. But, similar charges amounting to ~~₦7,925,000.00~~ (Seven million, nine hundred and twenty-five thousand naira) were raised and paid on 16 (Sixteen) payment vouchers from Personnel Cost vote, during the same period. It is not rational or tenable that an institution that has security men in her payroll spends additional ~~₦81,845,500.00~~ (Eighty-one million, eight hundred and forty-five thousand, five hundred naira) on security in a year.

Scrutiny of the payment vouchers showed that majority of the payments were in favour of a security agent.

(i) The contract documents should be produced to certify that the contract award was in compliance with the normal tender procedure.

(ii) Explain why security charges should be made from the Personnel Cost, otherwise refund the sum of ₦81,845,500.00 (Eighty-one million, eight hundred and forty-five thousand, five hundred naira) to the Government Coffers and furnish me with the recovery particulars for audit verification.

(f) Payment to Ad-hoc workers that rendered unspecified services to the Polytechnic were charged to Overhead Cost account as well as to Personnel Cost at the same time each month. Amounts totaling ₦36,319,700.00 (Thirty-six million, three hundred and nineteen thousand, seven hundred naira) were raised in 7 (Seven) vouchers on each of these two Sub-heads mentioned above on 31st December, 2013. This money should be refunded to Government treasury as money paid for which no services were rendered.

(g) Audit observation revealed that VAT and WHT amounting to ₦14,528,040.32 (Fourteen million, five hundred and twenty-eight thousand and forty naira, thirty-two kobo) were deducted from payments made to some contractors handling Capital projects in the institution, but no evidence from FIRS to confirm remittance was produced. Our visit to FIRS to confirm the payment could also not produce any evidence of payment.

The Rector has been requested to produce evidence of payment to FIRS or refund the amount of ₦14,528,040.32 (Fourteen million, five hundred and twenty-eight thousand and forty naira, thirty-two kobo) to Government Coffer and forward the recovery particulars for verification.

All these observations have been communicated to the Rector through my Audit Inspection Report Ref. No. OAuGF/BYS/AIR/FPE/10/VOL.I/106 dated 24/04/2015. His response is still being awaited.

FEDERAL UNIVERSITY OF TECHNOLOGY, AKURE

6.36 During the audit of the Federal University of Technology, Akure, the following observations were made:-

(a) The management made transfers totaling ₦20,378,263.14 (Twenty million, three hundred and seventy-eight thousand, two hundred and sixty-three naira, fourteen kobo) to Internally Generated Revenue Account from Personnel fund without the necessary approvals for virement.

This act runs contrary to Financial Regulations and extant circulars which forbid the use of fund meant for a particular subhead for other activities without relevant authority.

The Vice Chancellor has been advised to refund this money back to Government Coffers and furnish me with the recovery particulars.

(b) A total sum of ₦16,252,000.00 (Sixteen million, two hundred and fifty-two thousand naira) was raised and paid in September 2014 to Council members (each

collecting ₦1,224,000.00) as estacode allowance. Audit examination of the payment vouchers revealed that the purported estacode claims had no backing as there was no documentary evidence attached to the payment vouchers to show the destination, approval for such journey or information to confirm or authenticate such claims and purpose of the trip. Estacode allowance is paid for authorized trips made outside Nigeria at an approved rate. It was observed that the payment was made from the Revenue Head which the University is not expected to spend.

It would therefore appear that this is a frivolous expenditure of revenue and should be recovered immediately and recovery particulars forwarded for audit verification.

(c) In September 2014, the sum of ₦3,800,000.00 (Three million, eight hundred thousand naira) was raised and paid as Eid el Kabir gift to Council members at the same time the purported estacode allowance was paid.

The approval of ₦3,800,000.00 (Three million, eight hundred thousand naira) by the Vice Chancellor is beyond his approval limit, and using the scare resource on Eid el Kabir gift to Council members is not acceptable as legitimate charge against public funds.

The Vice Chancellor has been requested to recover the money and refund to Government coffers and forward the recovery particulars to my Office for audit verification.

(d) The University paid the sum of ₦1,663,375.00 (One million, six hundred and sixty-three thousand, three hundred and seventy-five naira) to sponsor an officer to ANAN's Fellowship Award and others to attend professional conferences. This expenditure is contrary to circular No. HCSF/PSO/11/866 of 1st April, 2009 issued by the Head of Service of the Federation which states that "MDAs shall no longer pay annual membership subscription, professional fees for conferences and other related charges linked to career progression of officers.

This money should be recovered and recovery particulars forwarded to my Office for audit verification.

(e) A total sum of ₦12,903,754.93 (Twelve million, nine hundred and three thousand, seven hundred and fifty-four naira, ninety-three kobo) was debited in the Overhead Cashbook in May, 2014 without stating the purpose and the names of the beneficiaries.

Items posted into the Cashbook must give detailed information of such payment as required by Financial Regulation 601. These include name of payee, purpose of payment, date paid, classification etc. Situations where entries are made into the Cashbook without relevant information on the payments runs contrary to the provisions of the regulations regarding public financial managements. If the above information could not be provided, then the Vice Chancellor should recover the amount and furnish recovery particulars for verification.

(f) It was noted that a total of ~~₦~~3,542,419.06 (Three million, five hundred and forty-two thousand, four hundred and nineteen naira, six kobo) was granted to officers as cash advances for purchases and services over and above the stipulated ceiling of ~~₦~~200,000.00 (Two hundred thousand naira). This is contrary to Federal Government Treasury Circular Ref. No. OAGF/CAD/026/V dated 24th March, 2009 which states that "All Accounting officers and officers controlling expenditures are to ensure that all local procurement of stores and services above ~~₦~~200,000.00 should be made only through the award of contract. The above act, in addition to the contravention, caused loss of revenue that should have accrued to government as taxes if the job had gone through contract.

The tax element of ~~₦~~354,241.91 which constitute 5% WHT and 5% VAT should be recovered and paid to FIRS and payment particulars furnished for verification.

(g) The construction of School of Sciences was awarded to a contractor on 11th June, 2014 with completion period of 24 weeks. After examination of the contract files and physical inspection carried out, the following observations were made:

- (i) The consulting firms handling the project failed to monitor the activities of the contractor in ensuring that specifications were strictly followed so as to achieve value for money spent on the project.
- (ii) It was also observed that the electrical cables used were unbranded. All effort made to produce sample for inspection proved abortive. The cables Auditors met on ground were not branded while the contract specified use of Nigerchem cables. The electrical material used is therefore unacceptable.
- (iii) The bill of quantity specified the installation of Newclime Fan or SMC Ceiling Fans but OX Ceiling Fans were installed, contrary to agreement as provided in the Bill of Quantity.
- (iv) Spanish or Italian vitrified floor tiles were specified but China floor tiles were used instead.
- (v) Y12 Iron rods (High profile reinforcement) was specified for burglary proof for windows but Y10 was used instead.

This showed that the contractor disregarded the material specifications on the Bill of Quantities.

On 22nd December 2014, a total payment of ~~₦~~32,945,399.80 (Thirty-two million, nine hundred and forty-five thousand, three hundred and ninety-nine naira, eighty kobo) was made to the contractor. From this amount, ~~₦~~12,150,000.00 (Twelve million, one hundred and fifty thousand naira) was said to represent advance payment while the remaining was mobilization fees. The essence of the advance payment when there was provision for mobilization fees was not explained.

On the following day, 23rd December, 2014, another payment of ~~₦~~13,505,322.35 (Thirteen million, five hundred and five thousand, three hundred and twenty-two naira, thirty-five kobo) was made to the same contractor, bringing the total

sum paid on 22nd and 23rd to ₦46,450,722.15 (Forty-six million, four hundred and fifty thousand, seven hundred and twenty-two naira, fifteen kobo). This amounts to payment before job execution, which is against Government regulations.

The Vice Chancellor has been requested to comment on the observed irregularities, as well as explain the propriety of making these payments before contract execution.

(i) Contract for the construction of School of Sciences Phase III was initially awarded to one contractor before it was terminated and re-awarded to another contractor at a contract sum of ₦154,039,999.00 (One hundred and fifty-four million and thirty-nine thousand, nine hundred and ninety-nine naira).

Before the termination of the contract with the first contractor, mobilization fees amounting to ₦18,155,806.85 (Eighteen million, one hundred and fifty-five thousand, eight hundred and six naira, eighty-five kobo) was paid, which the company was asked to refund to the University by paying into the project Escrow account domiciled in a commercial bank. On 20th November, 2014, the first contractor wrote, stating that the sum of ₦11,272,098.19 had been paid as directed into the Project Escrow Account with the promise of paying the balance of ₦6,883,708.66 before 31st December, 2014.

All efforts made to get the records of the Project Escrow account proved abortive, hence, the true position of the refund could not be ascertained as at the time of checks in October, 2015.

The relevant records should be produced for my scrutiny.

(j) Thirty-six (36) payment vouchers for amounts totaling ₦177,086,802.63 (One hundred and seventy-seven million and eighty-six thousand, eight hundred and two naira, sixty-three kobo) were not produced for examination as at the time of periodic check in October, 2015. The above expenses were credited in the Cash book without corresponding payment vouchers, as stipulated by Financial Regulation 601.

The Vice Chancellor has been asked to produce these vouchers or refund the sum of ₦177,086,802.63 (One hundred and seventy-seven million and eighty-six thousand, eight hundred and two naira, sixty-three kobo) and furnish the recovery particulars for verification.

(k) It was noted from the records submitted that the University generated the sum of ₦57,862,203,00 (Fifty-seven million, eight hundred and sixty-two thousand, two hundred and three naira) during the period under review. However, revenue from investments made were not produced for audit inspite of efforts made for the release of the document, hence the actual total revenue collected could not be ascertained. Meanwhile, the sum of ₦14,465,550.75 (Fourteen million, four hundred and sixty-five thousand, five hundred and fifty naira, seventy-five kobo) representing the 25% share of the disclosed revenue collected, was not remitted to the Consolidated Revenue Fund Account (CRF) as stipulated by the Fiscal Responsibility Act and other extant laws.

The Vice Chancellor has been asked to remit the sum of ₦14,465,550.75 (Fourteen million, four hundred and sixty-five thousand, five hundred and fifty naira, seventy-five kobo) to the Consolidated Revenue Fund without further delay and furnish me with the payment particulars for audit verification.

All these irregularities have been conveyed to the Vice Chancellor through my Audit Inspection Report Ref. No. OAuGF/ERIAD/CORP/FUTA/VOL.II/03 dated 8th December, 2015. His response is still being awaited.

UNIVERSITY OF UYO

6.37 During the audit examination of books and records of account of the University of Uyo, the following observations were made:-

(a) The Personnel Cost account in a commercial bank revealed that the sum of ₦3,606,526.68 (Three million, six hundred and six thousand, five hundred and twenty-six naira, sixty-eight kobo) being closing balance of the Personnel vote as at 31st December, 2014, which should have been returned to government treasury, was not returned. Finance (Control and Management) Act states that "Subject to any express provision of an Appropriation Act or supplementary Appropriation Act, moneys appropriated thereby and not expended shall lapse and accrue to Consolidated Revenue Fund at the expiration of the year in respect of which they are appropriated".

The Vice Chancellor has been requested to pay the said sum to chest and furnish evidence for verification.

(b) Available records showed that the sum of ₦13,000,000.00 (Thirteen million naira) was paid as professional fees to a tax practitioner firm to help the University negotiate with the FIRS to bring down the tax liabilities (WHT and VAT) of the University, during the period. The following was observed:

- (i) There was no open competitive bidding in appointing this consultant.
- (ii) The tax liability of ₦151,322,124.04 was negotiated down to ₦2,130,741.16, hence FIRS waived a tax liability of ₦149,191,382.88 without the approval of the National Assembly.
- (iii) The Management failed to effect tax deduction of ₦1,300,000.00 from the professional fees paid to the Consultant.
- (iv) The appointment of the Consultant for the purported negotiation was unnecessary because there were many officers in the Bursary Department that have the same technical knowledge.

In view of the foregoing, this act was not in public interest and the expenditure is unacceptable as a legitimate charge against public funds. Therefore, the University should pay their correct tax to FIRS and also recover the sum of

₦1,300,000.00 from the firm being unpaid tax to the coffers of FIRS and furnish me with the recovery particulars for verification.

(c) It was further observed that purchase advances granted to members of staff during the year under review totaling ₦25,497,852.00 (Twenty-five million, four hundred and ninety-seven thousand, eight hundred and fifty-two naira) remained unretired as at 31st October, 2015, contrary to the Financial Regulation 1405 which stipulate “prompt payment of all advances by instalment or otherwise” and 3118 which states that “... Head of Accounts who fail to recover personal advances from staff shall be asked to offer explanations and “all losses suffered by government as a result of negligence shall be recovered from or surcharged against the defaulting officer...”. “And be charged of gross misconduct under public service rules” Some of the staff were granted advances without the retirement of the previous ones.

The Vice Chancellor has been requested to ensure recovery of the entire outstanding advances from the salaries of the defaulting officers and forward evidence for verification.

UNIVERSITY OF ILORIN, KWARA STATE

6.38 At the University of Ilorin, Kwara State, the following observations were made:-

(a) The University had not submitted its Audited Accounts for 2014 and 2015 financial years to my Office, as required by law. The practice of spending public funds without rendering accounts as stipulated by law is unacceptable and the preparation of Accounts in retrospect does not give the true and fair view of the organization’s financial operations and positions at given points in time.

The Vice Chancellor has been asked to ensure that the Audited Accounts for 2014 and 2015 financial years are submitted without further delay.

(b) Purchase Advances totaling ₦12,178,507.70 (Twelve million, one hundred and seventy-eight thousand, five hundred and seven naira, seventy kobo) granted to different officers remained un-retired as at 31st December 2014.

The Vice-Chancellor has been requested to ensure the immediate retirement or recovery of the advances and forward relevant particulars for verification.

UNIVERSITY OF LAGOS, AKOKA

6.39 During the examination of the books and records of account of the University of Lagos, Akoka, the following observations were made:-

(a) Staff House rent totaling ₦53,545,832.26 (Fifty-three million, five hundred and forty-five thousand, eight hundred and thirty-two naira, twenty-six kobo) for the year 2013 was deducted from salaries of occupants of University of Lagos Quarters.

However, the University is yet to account for the sum of ~~₦~~53,545,832.26 Fifty-three million, five hundred and forty-five thousand, eight hundred and thirty-two naira, twenty-six kobo). This amount should be accounted for.

(b) The sum of ~~₦~~4,066,125.29 (Four million and sixty-six thousand, one hundred and twenty-five naira, twenty-nine kobo) was expended for maintenance of Quarters, Staff Touring and other purchases from Personnel Cost Account, which amounts to virement without approval.

The Vice-Chancellor's response on the matter raised does not meet the audit requirement and so the amount of ~~₦~~4,066,125.29 (Four million and sixty-six thousand, one hundred and twenty-five naira, twenty-nine kobo) should be paid back to Government and the payment particulars forwarded for audit verification.

(c) Independent Revenue totaling ~~₦~~324,698,152.54 (Three hundred and twenty million, six hundred ninety-eight thousand, one hundred and fifty-two naira, fifty-four kobo) accrued to the Federal Government were not remitted according to Treasury Circular from Revenue Department of the Budget Office of the Federation as follows-

Disposal of Fixed Asset	-	2013 -2014	-	₦ 12,247,265.00
Hire of University Property	-	2013-2014	-	₦ 53, 825,656.57
Contractors Registration	-	2013 -2014	-	₦ 115, 400,000.00
Rent on Govt. Quarters	-	2013 -2014	-	₦ 117,800,830.97
Hire & Sale of Academic Gown & Scrol-		2013 -2014	-	₦ 25,424,400.00
				<u>₦324,698,152.54</u>

As the University is yet to account for all independent Revenue accrued to the Federal Government for the period 2013 and 2014, the Vice-Chancellor has been requested as a matter of urgency to pay these revenue to Government coffers and furnish me with the relevant particulars.

(d) The following represent Unspent Balances:

- (i) Cash Book Opening Balance 1/1/2013 ~~₦~~686,082,685.38
- (ii) Cash Book Opening Balance 1/1/2014 ~~₦~~41,660,681.18

It was noted that out of ~~₦~~686,082,685.38 representing balance as at 2012 which was brought forward, only a token sum of ~~₦~~1,088,532.42 was remitted to the Federal Pay Office, Lagos through PV No .947 of 2/1/2013 and Mandate No.1080378 which was transferred on 10/1/2013. The sum of ~~₦~~41,660,681.18 brought forward to 1/1/2014 from December 2013 was remitted on PV No. 1870 of 3/1/14, Mandate No 1080657 and was transferred on 22/1/2014 but reversed on 23/01/2014.

The Vice-Chancellor has been asked to remit to the Consolidated Revenue Account the sum of ~~₦~~685,035,813.14 and forward payment details for audit verification.

(e) Eight (8) operational accounts were discovered to be in use by University of Lagos, Akoka.

The Vice-Chancellor did not furnish me with relevant documents to the Accounts, such as Cash Books, Payment Vouchers, Bank Mandates and Bank Statements/Reconciliations. Therefore, the audit could not be concluded. The Vice Chancellor has been requested to provide these documents and the authority to open the accounts.

(f) Two (2) payment vouchers were raised and charged to the Personnel Cost Account for payment of overtime of ~~N~~56,395,094.83 as follows:

(i)	PV No. 944 of 2/1/2013. Mandate No. 1080377	N 55,776,223.87
(ii)	PV No. 1234 of 21/2/2013. Mandate No. 1080466	<u>N</u> 618,870.96
		<u>N56,395,094.83</u>

The Vice-Chancellor has been requested to produce for my scrutiny:

- (i). The authority/approval for the payment.
- (ii) The Chart of Computation stating Salary GL, Rank, Period Covered with dates, Rates applied and Amounts involved.
- (iii) The Payment Voucher and Bank Mandate for the payment of this overtime.

All these observations have been forwarded to the Vice Chancellor through my Audit Inspection Report Ref. No. OAGF/ERIAD/DA/UNILAG/VOL.II/003 dated 16th August, 2015. His response is still being awaited.

UNIVERSITY OF JOS

6.40 During the examination of accounting books and records of University of Jos, the following observations were made:-

(a) The sums of ~~N~~10,000,000.00 (Ten million naira) and ~~N~~6,955,350.00 (Six million, nine hundred and fifty-five thousand, three hundred and fifty naira) were advanced to 2 (Two) staff of the University and paid into their personal bank accounts on 26th August, 2015, from the University of Jos Students Surcharges Account, for the University's 40th Anniversary celebration.

The following were observed:

- (i) The amounts were beyond the Vice Chancellor's threshold as stated in Public Procurement Act, 2007.
- (ii) They were excessive cash advances as it contravenes Treasury Circular No. TRY/A.B3/2010/OAGF/CAD/026.
- (iii) There was no budget or breakdown of how these figures were arrived at.

(iv) There was no approval from the Accountant-General for opening of such accounts.

(v) There was no evidence of the judicious utilization of the funds.

In view of the above, it is doubtful whether these funds were used in the best interest of Government. The amounts should be refunded to the University coffers and recovery particulars furnished for verification.

(b) It was observed during the examination of the records of the University that the total sum of ₦6,550,000.00 (Six million, five hundred and fifty thousand naira) was paid to the Personal Assistant to the Vice Chancellor to provide security logistics for the University. Further examination revealed that the University had engaged personnel to provide security services on permanent and contract appointment, who are remunerated through Personnel Cost and Internally Generated Revenue respectively. Therefore, the said payment for security services to the University should be refunded to government coffers.

MODIBBO ADAMA UNIVERSITY OF TECHNOLOGY, YOLA

6.41 During the recent audit of the books and records of account of Modibbo Adama University of Technology, Yola, the following observations were made:-

(a) The Personnel Cost account maintained with a commercial bank revealed that a balance of ₦351,849,751.29 (Three hundred and fifty-one million, eight hundred and forty-nine thousand, seven hundred and fifty-one naira, twenty-seven kobo) which was supposed to have been mopped into the Central Bank of Nigeria Treasury Single Account (TSA) since 8th October, 2015, was still being maintained by the University, notwithstanding that the Personnel Cost of the University has been captured into GIFMIS platform.

The Vice Chancellor has been requested to explain the reason for this flagrant disobedience to government directive, as well as remit the amount of ₦351,849,751.29 into the Treasury Single Account and forward the remittance particulars for verification.

(b) Examination of payment schedule of remittance from Salary Payroll disclosed that a total sum of ₦124,732,178.28 (One hundred and twenty-four million, seven hundred and thirty-two thousand, one hundred and seventy-eight naira, twenty-eight kobo) being total rent in bulk, salary advances and refunds recovered from staff were diverted to FUTY Loan Accounts in a commercial bank and a Micro Finance bank. This action is an obvious misapplication of Personnel Vote.

The amount should be recovered and paid back into Government coffer and recovery particulars furnished for verification.

(c) The Bank Statement of the Revenue Account at a Micro Finance Bank revealed that a closing balance of the ₦110,970,986.91 (One hundred and ten million, nine hundred and seventy thousand, nine hundred and eighty-six naira, ninety-one kobo) was not mopped as at 31st December, 2015, contrary to the Treasury Single Account Circular which directed all MDAs to transfer their balances with commercial banks into the Treasury Single Account (TSA) with CBN. The University should immediately transfer the sum of ₦110,970,986.91 (One hundred and ten million, nine hundred and seventy thousand, nine hundred and eighty-six naira, ninety-one kobo) into the TSA and forward transfer particulars for verification.

All these observations have been forwarded to the Vice-Chancellor and his response is still being awaited.

ALVAN IKOKU COLLEGE OF EDUCATION, OWERRI, IMO STATE

6.42 During the audit examination of the books and records of accounts of the College of Education, Owerri, Imo State, the following observations were made:-

(a) The sums of ₦31,500.00 and ₦284,120.00, both amounting to ₦315,620.00 (Three hundred and fifteen thousand, six hundred and twenty naira), were paid to 2 (Two) officers of the College to enable them settle their professional body's subscriptions and attend conferences, contrary to Federal Government Circular Ref. No. LHCSF/PSO/866/II/214 of 1st April, 2009 which states that "...henceforth, Ministries, Departments and Agencies of Government shall no longer pay annual membership subscriptions of professional fees and other related charges which are linked to the career progression of individual officers to professional bodies/organizations on behalf of the officer in the service"

In view of the above, the Provost should recover the said amount from the officers and furnish me with the recovery particulars for verification.

(b) Five (5) separate advances for amounts totaling ₦3,654,000.00 (Three million, six hundred and fifty-four thousand naira) were granted to an officer of the College between January and October, 2014 under the caption "Office/General Sundry Advances", for which there was no evidence of retirement.

The Provost has been requested to immediately ensure that all the advances are retired or recovered en-bloc from the salary of the officer.

These observations have been communicated to the Provost and his response is being awaited.

ADEYEMI COLLEGE OF EDUCATION, ONDO, ONDO STATE

6.43 During the audit examination of books and records of accounts of Adeyemi College of Education, Ondo, Ondo State, the following observations were made:-

(a) Amounts totaling ~~₦~~2,488,642.50 (Two million, four hundred and eighty-eight thousand, six hundred and forty-two naira, fifty kobo) were granted to 15 officers of the School as Cash advances between January and December, 2014. As at the time of writing this report, the beneficiaries were yet to retire the advances granted to them.

The Provost should produce evidence of retirement of the advances for audit verification or deduct the outstanding amounts from the salaries of the beneficiaries en-bloc.

(b) Withholding taxes of ~~₦~~5,014,213.44 (Five million and fourteen thousand, two hundred and thirteen naira, forty-four kobo) and Value Added Tax (VAT) of ~~₦~~1,057,601.98 (One million and fifty-seven thousand, six hundred and one naira, ninety-eight kobo), deducted from vatable supplies and services rendered by contractors, were not remitted to the appropriate tax authorities in accordance with Financial Regulation 234.

The Provost has been asked to immediately remit the amounts and forward the remittance particulars for verification.

All the anomalies have been conveyed to the Provost and his response is being awaited.

FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY, ABUJA

6.44 During the audit examination of the Ministry's records and books of accounts, the following observations were made:-

(a) The sums of ~~₦~~3,341,458.00 (Three million, three hundred and forty-one thousand, four hundred and fifty-eight naira) and ~~₦~~4,338,000.00 (Four million, three hundred and thirty-eight thousand naira) both totaling ~~₦~~7,679,458.00 (Seven million, six hundred and seventy-nine thousand, four hundred and fifty-eight naira) were granted as advance to one officer vide payment voucher numbers FMST/ADV/002/15 and FMST/ADV/021/15 respectively. The advances which were granted for the purpose of printing programme for NCST 13th & 14th Edition are yet to be retired after the completion of the programme, despite the fact that the advances were beyond the prescribed limit for procurement of goods and services.

The Permanent Secretary has been requested to ensure the immediate retirement of these advances or deduct the said amount from the salary of the officer and furnish me with the recovery particulars.

(b) The sum of ~~₦~~9,009,012.45 (Nine million and nine thousand and twelve naira, forty-five kobo) was paid to various contractors for supply contracts awarded in year 2008, but paid in the year 2015.

This is contrary to Financial Regulation 422(i) which states that "officers controlling vote are responsible for ensuring that as far as possible, payment for services rendered are settled within the financial year in which they were rendered".

The Permanent Secretary has been requested to explain this anomaly and how he sourced the money to pay.

(c) During the verification of non-current assets of the Ministry, it was discovered that two (2) motor vehicles with Registration Numbers M50-10FG and M50-12FG respectively were not seen and their whereabouts were not explained. Audit investigation revealed that the two (2) vehicles were seized by contractors. Details and particulars of the vehicles are stated below for your information and quick recovery.

S/N	NAME OF ASSET	YEAR OF ACQUISITION	AMOUNT ₦	VEHICLES' PARTICULARS	MODEL
1.	MOTOR VEHICLE	SEPT., 2011	5,555,000.00	Reg. No. M50-10 FG Chassis No. MROFX22G6B10 6169 Eng. No. 2TR5094621	Toyota Hilux Pick-up
2.	MOTOR VEHICLE	SEPT., 2011	12,232,500.00	Reg. No. M50-12 FG Chassis No. JTGFK5182034008070 Eng. No. 2TR8361742	Toyota Coaster Bus

Another motor vehicle with Registration Number FG 234 A256, Chassis Number JHMCM46507C202896 and Engine Number K20A85002727, procured on 9th January, 2009 and claimed to have been boarded in September, 2011, was not included in the list of boarded vehicles sold by auction in September 26th 2011. The whereabouts of the vehicle is also not known.

All the irregularities have been conveyed to the Permanent Secretary and his reaction is being expected.

NATIONAL BOARD FOR TECHNICAL EDUCATION, KADUNA

6.45 During the examination of the books of accounts of National Board for Technical Education, Kaduna, the following observations were made:-

(a) A total sum of ₦11,000,000.00 (Eleven million naira) was paid to the supervising ministry (Ministry of Education) as financial contribution for Ministerial tour of Federal Institutions across the country and procurement of 1 (One) Toyota Corolla 2.0, contrary to extant circular. These expenditures should have been funded from the budget of the supervising Ministry. Circulars Ref. No. 5951/S.22/14/1/401 dated 25th August 1998 disapproved the interference of the supervising ministry in the financial affairs of the Agency/Parastatal/Corporations/Companies etc, under the ministry.

The Executive Secretary has been requested to recover this amount and pay back into the Board's account and forward the payment particulars to my Office for verification.

(b) Financial Regulation 1416 states that “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. Contrary to the Financial Regulation, an outstanding loan of ₦4,570,622.00 (Four million, five hundred and seventy thousand, six hundred and twenty-two naira) granted to a staff who left the service of the Board several years ago, still remained unrecovered. It is the responsibility of the accounting Officer (Chief Executive Officer/Executive Secretary) to recover all the advances and loans granted to staff.

The Executive Secretary has been requested to recover the sum of ₦4,570,622.00 from the retired officer and forward evidence of recovery for verification.

The anomalies have been communicated to the Executive Secretary and his response is still being awaited.

**CENTRE FOR SATELLITE TECHNOLOGY DEVELOPMENT (CSTD),
OBASANJO SPACE CENTRE, ABUJA.**

6.46 During the periodic audit check carried out on the accounts of the Centre for Satellite Technology Development Obasanjo Space Centre, Abuja, it was observed that the Centre paid a total sum of ₦4,100,350.00 (Four million, one hundred thousand, three hundred and fifty naira) from its Capital Allocation fund as Touring Advance for a member of staff to attend the 34th meeting of the Joint Task + P4-5-6-7 Radio communication conference 2015 in Geneva, Switzerland on PV Nos. NA/CSTD/CP/2014/017 of 06/8/2014 for ₦3,100,350.350.00 and NA/CSTD/CP/2014/034 of 23/10/2014 for ₦1,000,000.00, totaling ₦4,100,350.00 (Four million, one hundred thousand, three hundred and fifty naira). These payments amount to misapplication of the Capital allocation, without evidence of approval for virement.

The Director-General has been asked to recover these payments from the staff and forward recovery particulars for verification.

This observation has been communicated to the Director-General and his response is still being awaited.

NATIONAL SPACE RESEARCH DEVELOPMENT AGENCY, ABUJA

6.47 During the periodic check carried out on the accounts of the National Space Research and Development Agency, Abuja, the following observations were made:-

(a) Nine (9) members of staff were paid a total sum of ₦17,654,973.00 (Seventeen million, six hundred and fifty-four thousand, nine hundred and seventy-three naira) as out of pocket expenses for direct purchase of stores and other services in excess of

~~₦~~200,000.00, contrary to the provision of Financial Regulations and Circular Ref. No. TRY A28/B2/2009 of 24th March 2009 which specifically state that all local procurement of stores and services costing above ~~₦~~200,000.00 (Two hundred thousand naira), shall be made through local purchase order (LPO) or Job order.

This action also deprived the Government of revenue in form of WHT and VAT amounting to ~~₦~~1,765,497.30 (One million, seven hundred and sixty-five thousand, four hundred and ninety-seven naira, thirty kobo).

The Director-General has been requested to explain why the extant regulations were not followed and to refund the sum of ~~₦~~1,765,497.30 (One million, seven hundred and sixty-five thousand, four hundred and ninety-seven naira, thirty kobo) to Government coffers and forward the payment particulars for audit verification.

(b) Six (6) beneficiaries of cash advances amounting to ~~₦~~6,550,544.00 (Six million, five hundred and fifty thousand, five hundred and forty-four naira) to carry out purchases had not retired the advances. Subsequent advances were granted when previous ones were yet to be retired by the beneficiaries. This contravenes the provision of Financial Regulation 1420 which states that “it is the responsibility of all accounting officers to ensure that all advances granted to officers are fully recovered” by deduction from their salaries.

The Director-General has been requested to ensure immediate retirement or recovery of the advances, furnishing relevant details for verification.

All these observations have been communicated to the Director-General and his response is still being awaited.

JOINT ADMISSIONS AND MATRICULATION BOARD (JAMB)

6.48 During the examination of accounting books and records of Joint Admission and Matriculation Board (JAMB), the following observations were made:-

(a) Analytical data review of payroll and other records of the Board revealed that a total of 70 (Seventy) employees started earning salary in the year 2012, while 152 (One hundred and fifty two) employees started earning salary in 2013. Additions to payroll could be either due to employment of new staff or re-enrollment of existing employees who may have been removed from the payroll previously for disciplinary reasons. The request for the personal files of the affected employees to confirm whether they are legitimate staff of the Board was not granted despite repeated demands.

The Registrar/Chief Executive was requested to forward the personal files of the employees containing the employment letters, acceptance letters, resumption of duty certificate, re-instatement letter (where applicable), documents showing why and when salaries were stopped and when they were re-instated. His response with

reference number JAMB/FIN/127/Vol.2/181 dated 24th May, 2016 did not provide the documents requested.

(b) Examination of the records of the Board revealed that in 2012 and 2013, 70 (Seventy) and 65 (Sixty-five) employees respectively were found on the payroll but not on the nominal roll. The request for the personal files of the affected employees for verification of their status was not granted.

The Registrar/Chief Executive was requested to forward the personal files of the employees for verification in order to authenticate them as bona fide staff of the board. However, his response with reference number JAMB/FIN/127/Vol.2/181 dated 24th May, 2016 did not provide the documents requested.

(c) It was also observed that 66 persons were removed from the payroll before the end of 2013. These persons were in the payroll for between one (1) month and 23 (Twenty-three) months each, during which period they received emoluments totaling ₦110,481,985.00 (One hundred and ten million, four hundred and eighty-one thousand, nine hundred and eighty-five naira). No evidence was shown that these officers who presumably resigned their appointments or absconded, were legitimate employees of the Board and that they gave or paid one month's salary in-lieu of notice before they left the employment of the Board.

The Registrar/Chief Executive was requested to account for the total emoluments paid to these officers in the sum of ₦110,481,985.00 (One hundred and ten million, four hundred and eighty-one thousand nine hundred and eighty-five naira). However, his response with reference number JAMB/FIN/127/Vol.2/181 dated 24th May, 2016 did not address the query satisfactorily.

(d) Tax liability amounting to ₦1,164,550.59 (One million, one hundred and sixty-four thousand, five hundred and fifty naira, fifty-nine kobo) was not deducted from 2 (Two) payments for Consultancy services to a single vendor on payment voucher numbers 6407 of 2/11/2013 and 6833 of 26/3/2013 for ₦13,074,790.01 and ₦10,216,221.75 respectively. The Board deducted Withholding Tax at the rate of 5% instead of 10%, resulting in loss of government revenue.

The Registrar/Chief Executive was requested to recover the amount of ₦1,164,550.59 and pay to the Federal Inland Revenue Service with evidence of payment forwarded to my Office. However, his response with reference number JAMB/FIN/127/Vol.2/181 dated 24th May, 2016 did not address the issue satisfactorily.

(e) Examination of the Board's Audited Accounts revealed 11 (Eleven) bank accounts operated in 2012 and 2013 but the bank statements as well as the cash books were not presented for audit examination, despite repeated demands for them. This is contrary to Financial Regulation 110 which provides that, the Auditor-General and Accountant-General or their representatives shall at all reasonable times have free access to books of account, 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 unit."

The Registrar/Chief Executive was requested to make the cash books and their bank statements, payment vouchers and reconciliation statements available for audit. In his response with reference number JAMB/FIN/127/Vol.2/181 dated 24th May, 2016, the Registrar claimed that the 11 (Eleven) bank accounts were closed and there were no transactions on them in 2012 and 2013. This claim was not substantiated with documentary evidence.

(f) Audit examination of procurement documents and other records of the Board revealed that 21 (Twenty-one) payment vouchers for amounts totaling ₦7.1billion were in respect of contracts approved by JAMB Registrar outside his authorized approval threshold of ₦2.5million for supplies and N5m for works. This is contrary to Bureau of Public Procurement (BPP) Approved Revised Threshold for Service Wide Application as conveyed in Circular No. SGF/OP/1/S.3/VIII/57 of 11 March 2009.

The Registrar/Chief Executive was requested to explain why he acted outside his authorized approval threshold and also to furnish evidence of ratification by the JAMB Tenders Board, Ministerial Tenders Board or Federal Executive Council.

In his response with reference number JAMB/FIN/127/Vol.2/181 dated 24th May, 2016, the Registrar stated that the awards were based on agreements entered into for a pre-determined period preceding the time of the audit and that certain security jobs cannot be subjected to general contracting. This response did not address the query.

(g) It was observed that several contracts were split in 2012 and 2013 accounting year in order to circumvent approval limits of the various authorities. These contracts were approved by the Registrar who had no authority to do so. A sample of fifty one (51) payment vouchers amounting to ₦247,120,000.00 (Two hundred and forty-seven million, one hundred and twenty thousand naira) were in breach of the extant Circular Ref. No. SGF/op/1/33/VIII/57 of March 2009 on splitting of contracts and Financial Regulation 3116 and 3117.

The Registrar/Chief Executive was requested, in line with Financial Regulation 3116, to explain within 21 days of the date of receipt of my report, why he indulged in splitting of contracts. His response with reference No. JAMB/FIN/127/Vol.2/181 dated 24th May, 2016, did not satisfactorily address the query.

All the matters are under correspondence.

SECTION 7

**REVENUE AUDIT
DEPARTMENT**

REVENUE AUDIT DEPARTMENT

NIGERIA CUSTOMS SERVICE

7.01 During the audit examination of the accounting books and other records maintained by the Service, the following observations were noted:-

(a) Audit examination of the Nigeria Customs Service independent Revenue Account for the year 2014 revealed that a total sum of ₦10,163,482.94 (Ten million, one hundred and sixty-three thousand, four hundred and eighty-two naira, ninety-four kobo) was collected as revenue in form of contractor's registration fees, sales of stores, sales of government vehicles and auction sales proceeds. Various mandates issued by the Nigerian Customs Service to its Bank and the summary of the remittance of the revenues to the Sub-Treasurer of the Federation were seen. However, the corresponding Treasury Receipt as evidence of the receipt of the remittance into the Treasury Account was not produced for audit verification.

The Comptroller-General has been requested to produce the receipt of payment into the Treasury Account.

(b) Audit examination of payment voucher number 0092 of 15/07/2015 for ₦10,526,250.00 (Ten million, five hundred and twenty-six thousand, two hundred and fifty naira) in favour of a company for the perimeter survey of Nigeria Customs Service land at Eleme, Port Harcourt, Rivers State revealed that vital supporting documents were not attached to the payment voucher. These include Contract Agreement, job specification, Letter of Acceptance of the contract and the Certificate of Survey. The act contravened Financial Regulation 603.

The Comptroller-General has been requested to produce the said relevant documents and forward same to my Office for verification.

(c) Nigeria Custom Service failed to remit taxes deducted on various contracts and services rendered to her totaling ₦72,184,439.29 (Seventy-two million, one hundred and eighty-four thousand, four hundred and thirty-nine naira, twenty-nine kobo) to Federal Inland Revenue Service (FIRS) from the period January – August, 2015. The unremitted taxes comprised of Value Added Taxes (VAT) of ₦26,352,713.78 (Twenty-six million, three hundred and fifty-two thousand, seven hundred and thirteen naira, seventy-eight kobo) and Withholding Taxes (WHT) of ₦45,822,723.51 (Forty-five million, eight hundred and twenty-two thousand, seven hundred and twenty-three naira, fifty-one kobo).

The Comptroller-General of Customs has been requested to remit the unremitted taxes of ₦72,184,439.29 (Seventy-two million, one hundred and eighty-four thousand, four hundred and thirty-nine naira, twenty-nine kobo) for Capital account to Federal Inland Revenue Service and forward particulars of remittance to my Office for verification.

All these observations has been communicated to the Comptroller-General and his response is still being awaited.

NATIONAL LOTTERY REGULATORY COMMISSION, ABUJA

7.02 During the audit examination of the accounting books and other records maintained by the National Lottery Regulatory Commission, the following observations were made:-

(a) The Commission paid ₦16,983,500.00 (Sixteen million, nine hundred and eighty-three thousand, five hundred naira) to some non staff of the Commission for seminars and oversight functions. This contravenes extant Federal Government Circular SGF/6/VII of 8th May, 2008 which prohibits interference into the financial affairs of parastatals and further deprives the Commission of necessary funds required to deliver on its mandate.

The Director-General has been requested to give justifiable reasons for contravening the above Government policy circular.

(b) It was also observed that Value Added Tax and Withholding Tax totaling ₦5,480,148.60 (Five million, four hundred and eighty thousand, one hundred, forty-eight naira, sixty kobo) were lost due to advances granted to some of the staff by the Commission for the procurement of various goods in excess of the approved limit of ₦200,000.00 contrary to Treasury circular TRY/A3.B3/2010/OAGF/CAD/026.

This amount ought to have accrued as revenue to Federal Government if the transaction had passed through the tendering procedure as prescribed by extant regulations.

The Director-General has been requested to pay the total sum of ₦5,480,148.60 (Five million, four hundred and eighty thousand, one hundred and forty-eight naira, sixty kobo) to the Federal Inland Revenue Service and forward the receipt to my Office for verification.

(c) It was observed that assorted items purchased by the Commission at a total sum of ₦45,080,000.00 (Forty-five million, eighty thousand naira) were not taken on store charge. This act compromises inventory control and exposes the Commission to untraceable and avoidable losses. However, Financial Regulation 2401 requires that "purchased items should be entered into the ledger and supported by Store Receipt Voucher of stores division of every Ministry/Department and other Agencies of Government to ensure that all purchased stores paid for are duly taken on charge.

The Director-General has been requested to explain the infringement of the above requirements of Financial Regulation and ensure that the items highlighted are adequately taken on charge.

(d) Audit examination of the accounting documents and records at the National Lottery Regulatory Commission revealed that the Commission made various payments to sundry persons totalling ~~₦~~94,163,000.00 (Ninety-four million, one hundred and sixty-three thousand naira) without recourse to due process and observing the e-payment rules and policy. These payments were made for purchases, Duty Tour Allowances and other services by the Commission to third persons and they were not acknowledged with evidence of receipt or signatures by the supposed beneficiaries, thereby exposing public funds to avoidable risks.

The Director-General has been requested to henceforth make payments directly to the beneficiaries, in compliance with these subsisting guidelines.

All the issues raised have been communicated to the Director-General and his response is being awaited.

SECURITY AND EXCHANGE COMMISSION

7.03 During the audit examination of the accounting and other records maintained by the Commission, the following observations were made:-

(a) A total sum of ~~₦~~3,705,554,139.56 (Three billion, seven hundred and five million, five hundred and fifty-four thousand, one hundred and thirty-nine naira, fifty-six kobo) representing 25% of the actual revenue collections of Internally Generated Revenue for 2013 and 2014 totalling ~~₦~~14,822,216,758.23 (Fourteen billion, eight hundred and twenty-two million, two hundred and sixteen thousand, seven hundred and fifty-eight naira, twenty-three kobo) were not remitted to the Consolidated Revenue Fund as at the time of audit inspection in November, 2015.

The irregularity has been conveyed to the Director-General to remit the sum of ~~₦~~3,705,554,139.56 (Three billion, seven hundred and five million, five hundred and fifty-four thousand, one hundred and thirty-nine naira, fifty-six kobo) to the Consolidated Revenue Fund and evidence of payment forwarded for audit verification.

(b) A total sum of ~~₦~~18,770,755.58 (Eighteen million, seven hundred and seventy thousand, seven hundred and fifty-five naira, fifty-eight kobo) was under-deducted as Withholding taxes from various corporate bodies in 2013 and 2014.

This amount was the difference of the expected 10% deductible Withholding Tax (WHT) of ~~₦~~37,541,511.06 (Thirty-seven million, five hundred and forty-one thousand, five hundred and eleven naira and six kobo) and the observed wrongfully deducted 5% WHT of ~~₦~~18,770,755.58 (Eighteen million, seven hundred and seventy thousand, seven hundred and fifty-five naira, fifty-eight kobo) in 2013 and 2014.

The attention of the Director-General has been drawn to the aforementioned anomaly.

(c) The sum of ~~₦~~362,121,244.51 (Three hundred and sixty-two million, one hundred and twenty-one thousand, two hundred and forty-four naira, fifty-one kobo) was paid to the Commission's employees outside the payroll without deduction of PAYE tax, contrary to PITA (amendment) 2011. The non deduction of ~~₦~~72,424,248.91 (Seventy-two million, four hundred and twenty-four thousand, two hundred and forty-eight naira, ninety-one kobo) representing 20% deduction on additional income resulted in loss of revenue to the Federal Government.

The Director-General has been requested to recover the sum of ~~₦~~72,424,248.91 (Seventy-two million, four hundred and twenty-four thousand, two hundred and forty-eight naira, ninety-one kobo) from the affected staff and pay to the appropriate tax authority and evidence of recovery and remittance forwarded to my Office for verification.

(d) The Withholding Tax (WHT) and Value Added Tax (VAT) of ~~₦~~86,407,576.80 (Eighty-six million, four hundred and seven thousand, five hundred and seventy-six naira, eighty kobo) for 2013 and ~~₦~~16,405,226.31 (Sixteen million, four hundred and five thousand, two hundred and twenty-six naira, thirty-one kobo) for 2014, totalling ~~₦~~102,812,803.11 (One hundred and two million, eight hundred and twelve thousand, eight hundred and three naira, eleven kobo) were not remitted to the Federal Inland Revenue Service as at the time of audit inspection.

The Director-General has been requested to remit the total sum of ~~₦~~102,812,803.11 (One hundred and two million, eight hundred and twelve thousand, eight hundred and three naira, eleven kobo) to the FIRS and forward evidence of remittance for audit verification.

The attention of the Director-General has been drawn to the aforementioned anomalies for prompt action but his response is still being awaited.

BUREAU OF PUBLIC ENTERPRISES, ABUJA

7.04 During the examination of the accounting books and other records maintained by Bureau of Public enterprises, Abuja, the following anomalies were noted:-

(a) The total sum of ~~₦~~1,135,139,199.77 (One billion, one hundred and thirty-five million, one hundred and thirty-nine thousand, one hundred and ninety-nine naira, seventy-seven kobo) being interest earned on fixed deposit in various banks was not remitted to the Consolidated Revenue Fund contrary to Financial Regulation 3207 and Extant Treasury Circular TRY/A5&B5/CAO/V.32 of 19th June, 2009.

The Director-General has been requested to remit the total sum of ~~₦~~1,135,139,199.77 (One billion, one hundred and thirty-five million, one hundred and thirty-nine thousand, one hundred and ninety-nine naira, seventy-seven kobo) to the Consolidated Revenue Fund and forward the evidence of remittance for audit verification.

(b) Amounts totaling ₦113,093,677.07 (One hundred and thirteen million, ninety-three thousand, six hundred and seventy-seven naira, seven kobo) earned as Capitalized Credit Interest from various operational and proceed bank accounts were not remitted to the Consolidated Revenue Fund. This contravenes Financial Regulation 222.

The Director-General has been requested to remit the sum of ₦113,093,677.07 (One hundred and thirteen million, ninety-three thousand, six hundred and seventy-seven naira, seven kobo) to the Consolidated Revenue Fund without further delay and forward evidence of remittance for audit verification.

(c) A total sum of ₦10,477,260.00 (Ten million, four hundred and seventy-seven thousand, two hundred and sixty naira) earned as Internally Generated Revenue was not remitted to the Consolidated Revenue Fund, as at the time of audit inspection.

The Director-General has been requested to justify the withheld sum of ₦10,477,260.00 (Ten million, four hundred and seventy-seven thousand, two hundred and sixty naira) otherwise the amount should be remitted to the Consolidated Revenue Fund without further delay and the evidence of remittance forwarded for audit verification.

(d) An amount of ₦2,500,000,000.00 (Two billion, five hundred million naira), representing PHCN proceed in Access Bank and FCMB Accounts was diverted to Aso Savings & Loans Plc as a condition precedent to the guarantee of the Staff Co-operative Mortgage, contrary to Financial Regulation 3205.

The Director-General has been requested to justify the reason behind the transfer of ₦2,500,000,000.00 from PHCN Proceed Account to Aso Savings and Loan Plc and forward the evidence of refund to the Consolidated Revenue Fund with the prevailing interest earned in the period.

(e) Amounts totaling ₦4,736,932,467.67 (Four billion, seven hundred and thirty-six million, nine hundred and thirty-two thousand, four hundred and sixty-seven naira, sixty-seven kobo) representing Dividend received on Federal Government holdings was not remitted to the Consolidated Revenue Fund, contrary to Financial Regulation Extract S.162(1) & (10)(c).

The Director-General has been requested to remit the sum of ₦4,736,932,467.67 (Four billion, seven hundred and thirty-six million, nine hundred and thirty-two thousand, four hundred and sixty-seven naira, sixty-seven kobo) to the CRF and forward the evidence of remittance for audit verification.

(f) A company was appointed as sole consultant for the Privatization Advisory Services of the Distribution and General Company created out of PHCN in December, 2010 at the cost of 1% of the proceeds of the sale of minimum of 51% of FGN's equity holding in the successor companies (SCs). Audit scrutiny revealed that the sum of ₦383,894,023,770.79 (Three hundred and eighty-three billion, eight hundred and ninety-four million, twenty-three thousand, seven hundred and seventy naira, seventy-nine kobo) was received as proceeds from sales of PHCN Generation and Distribution companies which represented 99% of the total cost, while the balance of 1%

amounting to ₦3,877,717,411.82 (Three billion, eight hundred and seventy-seven million, seven hundred and seventeen thousand, four hundred and eleven naira, eighty-two kobo) was paid as service charge to the consultant by the successor companies without accounting for the mandatory 10% Withholding tax amounting to ₦387,771,741.82 (Three hundred and eighty-seven million, seven hundred and seventy-one thousand, seven hundred and forty-one naira, eighty-two kobo), contrary to Financial Regulation 234(i) and (ii).

The Director-General has been requested to explain the circumstances surrounding the payment to consultant the sales proceeds at source without deducting the mandatory 10% WHT. Also, the sum of ₦387,771,741.82 (Three hundred and eighty-seven million, seven hundred and seventy-one thousand, seven hundred and forty-one naira, eighty-two kobo) should be recovered from the consultant while particulars of recovery are forwarded for audit verification.

All these issues have been communicated to the Director-General and his response is being awaited.

PETROLEUM TRAINING INSTITUTE, EFFURUN

7.05 During the audit examination of the accounting books and other records maintained by the Institute, the following observations were noted:-

(a) Amounts totaling ₦30,702,564.04 (Thirty million and seven hundred and two thousand, five hundred and sixty-four naira, four kobo) were under-remittance of VAT and WHT for the years 2013 and 2014 which is contrary to the provision of Financial Regulation 243(ii) – 235.

The Principal/Chief Executive has been requested to remit the total sum of ₦30,702,564.04 (Thirty million and seven hundred and two thousand, five hundred and sixty-four naira, four kobo) to the Federal Inland Revenue Service and forward evidence of remittance to my Office for audit verification.

(b) PAYE amounting to ₦3,363,890.98 (Three million, three hundred and sixty-three thousand, eight hundred and ninety naira, ninety-eight kobo) which was deducted from Salaries and Allowances paid to staff resident in Federal Capital Territory during 2013 - 2014 were not remitted to FCT Board of Inland Revenue, Abuja. This is contrary to the provisions of Personal Income Tax (Amendment) Act, 2011.

The Principal/Chief Executive has been requested to pay to the FCT Board of Inland Revenue, Abuja the sum of ₦4,305,708.45 (Four million, three hundred and five thousand, seven hundred and eight naira, forty-five kobo) being un-remitted PAYE of ₦3,363,890.98 (Three million, three hundred and sixty-three thousand, eight hundred and ninety naira, ninety-eight kobo) in addition to the penalty and accrued interest amounting to ₦91,889.47 (Nine hundred and forty-one thousand, eight hundred and eighty-nine naira, forty-seven kobo). Please furnish evidence of remittance for audit verification.

These issues have been communicated to the Principal/Chief Executive Officer for necessary action and his response is still being awaited.

FEDERAL INLAND REVENUE SERVICE

7.06 During the audit inspection of the records and books of the Federal Inland Revenue Service, the following observations were made:-

(a) A contract for the sum of ~~N~~32,667,600.00 (Thirty-two million, six hundred and sixty-seven thousand, six hundred naira) awarded by the above named Agency, was split and distributed to 4 (four) companies whose submissions were earlier rejected by FIRS, mainly to accommodate the approval ceiling of the Chairman, contrary to Financial Regulation 2921.

The Executive Chairman has been requested to:

- (i) Explain why the procurement committee split the contract that should have been referred to the Ministerial Tenders Board.
- (ii) Explain the authority of the Acting Executive Chairman of FIRS to approve the sum of ~~N~~32,667,600.00 which is beyond his approval limit of less than ~~N~~5,000,000.00 in the case of consultancy services vide BPP approved revised thresholds for service-wide application.

(b) Another, contract for the sum of ~~N~~69,778,058.91 (Sixty-nine million, seven hundred and seventy-eight thousand and fifty-eight naira, ninety-one kobo) for the annual servicing and maintenance of generators at FIRS offices nationwide from March to December 2014, was approved by the Tenders Board after the commencement of the contract, contrary to due process for the award of contract. The Bill of Quantity (BOQ) was not attached, serial numbers of each of the generators maintained were not stated, the actual locations of each of the generators were not indicated, the brand of each of the generators were not stated, the history of previous maintenance was not provided and Approval by BPP for "No-objection" in line with Financial Regulation 603(ia) 2906, 2908 and 2916(ia) was not provided.

The Executive Chairman has been requested to properly identify the generators for physical verification purpose, forward the listed particulars above to my Office for verification, otherwise the total contract sum of ~~N~~69,778,058.91 will not be accepted as a legitimate charge against public funds.

The issue raised has been taken up with the Executive Chairman and his response is being awaited.

(c) A total of ~~N~~32,449,743.61 (Thirty-two million, four hundred and forty-nine thousand, seven hundred and forty-three naira, sixty-one Kobo) contracts under recurrent expenditure were awarded by the Agency in the 2014 financial year and paid for in the month of January 2015. This is contrary to Financial Regulation 414(b) which

stipulates that since the contract of ~~₦~~32,449,743.61 was budgeted in that year 2014 and not executed within year 2014, the budgeted amount should be returned to Government coffer as at 31st December of the year. Moreover, since the expenditure was Recurrent, it was mandatory to lapse.

The Executive Chairman has been requested to explain why the amount of ~~₦~~32,449,743.61 of 2014 financial year was not returned to Government Treasury in line with Financial Regulation 414 otherwise, the total contract amount of ~~₦~~32,449,743.61 should be recovered and paid to Chest. Thereafter, the officer responsible for the financial lapses should be sanctioned in line with the Financial Regulations. The evidence of compliance should be forwarded to my Office for verification.

All the issues raised have been taken up with the Executive Chairman and his response is still being awaited.

MICRO AND SMALL TAX OFFICE (MSTO), ZONE 6, WUSE, ABUJA

7.07 During the audit inspection of Micro and Small Tax Office (MSTO), Zone 6, Wuse, Abuja, the following observations were made:-

(a) A total amount of ~~₦~~5,809,381.58 (Five million, eight hundred and nine thousand, three hundred and eighty-one naira, fifty-eight Kobo) were taxes owed by 7 (seven) companies as at 31st December 2015. This was made up of ~~₦~~2,158,199.19 and ~~₦~~3,651,182.39 for Company Income Tax and Value Added Tax respectively.

The Executive Chairman has been requested to recover the total sum (taxes) of ~~₦~~5,809,381.58 from the affected companies and forward the receipts to my Office for verification.

(b) Sums amounting to ~~₦~~10,700,774.35 (Ten million, seven hundred thousand, seven hundred and seventy-four naira, thirty-five kobo) Education Tax was owed by 15 (Fifteen) companies in arrears.

The Executive Chairman has been asked to recover the sum of ~~₦~~10,700,774.35 from the affected companies and institute measures that will prevent tax revenue going into arrears.

(c) A total amount of ~~₦~~17,569,475.18 (Seventeen million, five hundred and sixty-nine thousand, four hundred and seventy-five naira, eighteen kobo) Withholding Tax (WHT) arrears were owed by 7 (Seven) companies.

The Executive Chairman has been requested to recover the sum of ~~₦~~17,569,475.18 owed by the 7 (seven) companies and forward the evidence of recovery to my Office for verification.

All the issues raised have been taken up with the Executive Chairman and his response is still being awaited.

GOVERNMENT BUSINESS TAX OFFICE, ABUJA

7.08 During the audit of Government Business Tax Office, the following observations were made:-

(a) A total amount of ₦700,273,411.82 (Seven hundred million, two hundred and seventy-three thousand, four hundred and eleven naira, eighty-two kobo) Withholding Tax (WHT) which were deducted from 33 (Thirty three) Government MDAs were not remitted to Federal Inland Revenue Service (FIRS). This negates the provision of Financial Regulation 234 (iii) which stipulates that "Accounting officers/Sub Accounting officers who fail to provide for and remit VAT and WHT due on vatiable supplies and services shall be sanctioned under the applicable VAT Act No. 102 of 1993 which may include fines and/ or imprisonment".

The Executive Chairman has been requested that the un-remitted WHT of ₦700,273,411.82 be deducted at source from the budgetary allocations of the affected MDAs in line with the provisions of Section 24 of FIRS Act of 2007 empowering the Accountant General of the Federation to make such deduction and transfer such deduction to the Service.

(b) A sum of ₦708,597,079.12 (Seven hundred and eight million, five hundred and ninety-seven thousand, seventy-nine naira, twelve kobo) Value Added Tax (VAT) were deducted from 31(Thirty-one) Government MDAs but were not remitted to FIRS. This negates the provision of Financial Regulation 234 (iii) which stipulates that "Accounting officers/Sub Accounting officers who fail to provide for and remit VAT and WHT due on vatiable supplies and services shall be sanctioned under the applicable VAT Act No. 102 of 1993 which may include fines and/ or imprisonment".

The Executive Chairman has been intimated that the un-remitted VAT of ₦708,597,079.12 be deducted at source from the budgetary allocations of the affected MDAS in line with the provisions of Section 24 of FIRS Act of 2007 empowering the Accountant General of the Federation to make such deduction and transfer such deduction to the Service.

The issues raised have been taken up with the Executive Chairman and his responses are still being awaited.

UTAKO MICRO AND SMALL TAX PAYERS OFFICE, ABUJA

7.09 During the audit of Utako Micro and Small Tax Payers Office, Abuja, the following observation was made:-

(a) A total sum of ~~₦~~5,720,900.00 (Five million, seven hundred and twenty thousand, nine hundred naira) was under Assessment made to a company with a Turnover of ~~₦~~186,362,863 and total profit of ~~₦~~20,432,080.00. The company was assessed a paltry amount of ~~₦~~408,642.00 on 26th August, 2015 instead of the normal 30% amounting to ~~₦~~6,129,624.00. The company should have paid ~~₦~~6,129,624.00 as tax instead of the sum of ~~₦~~408,642.00 paid. The company should be made to pay the balance of ~~₦~~5,720,900.00.

The Executive Chairman .has been requested to recover the shortfall of ~~₦~~5,720,900.00 from the company and forward the evidence of recovery for verification.

(b) Also, a total sum of ~~₦~~10,608,657.88 (Ten million, six hundred and eight thousand, six hundred and fifty-seven naira, eighty-eighty kobo) was arrears of Company Income Tax owed by 14 (Fourteen) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~10,608,657.88 and forward the evidence to my Office for audit verification.

(c) A total sum of ~~₦~~3,835,443.55 (Three million, eight hundred and thirty-five thousand, four hundred and forty-three naira, fifty-five kobo) was arrears of Education Tax owed by Nineteen (19) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~3,835,443.55 and forward the evidence to my Office for audit verification.

(d) A total sum of ~~₦~~1,487,737.29 (One million, four hundred and eighty-seven thousand, seven hundred and thirty-seven naira, twenty- nine kobo) was arrears of Value Added Tax (VAT) owed by Six (6) companies as at 31st December 2015.

The Executive Chairman has been requested to recover ~~₦~~1,487,737.29 and forward the evidence of remittance for audit verification.

(e) A total sum of ~~₦~~10,322,778.62 (Ten million, three hundred and twenty-two thousand, seven hundred and seventy-eight naira, sixty- two kobo) was arrears of Withholding Tax (WHT) owed by 27 (Twenty-seven) companies as at 31st December 2015.

The Executive Chairman has been requested to recover and remit the sum of ~~₦~~10,322,778.62 and forward the evidence for audit verification.

All the issues raised have been taken up with the Executive Chairman and his response is still being awaited.

MICRO AND SMALL TAX OFFICE LUGBE, ABUJA

7.10 During the audit of the Micro and Small Tax Office, Lugbe, Abuja, it was observed that a total sum of ~~₦~~6,478,299.20 (Six million, four hundred and seventy-

eight thousand, two hundred and ninety-nine naira, twenty kobo) was arrears of Value Added Tax (VAT) owed by 13 (Thirteen) companies as at February 2016.

The Executive Chairman has been requested to recover the sum of ~~₦6,478,299.20~~ and forward the evidence for audit verification.

His response is still being awaited.

MAITAMA MICRO AND SMALL TAX PAYERS OFFICE, ABUJA

7.11 During the audit of the Maitama Micro and Small Tax Payers Office, Abuja, the following observations were made:-

(a) A total sum of ~~₦1,383,647.40~~ (One million, three hundred and eight-three thousand, six hundred and forty-seven naira, forty kobo) was arrears of Company Income Tax owed by Eight (8) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦1,383,647.40~~ and forward the evidence for audit verification.

(b) Also, a total sum of ~~₦3,496,843.52~~ (Three million, four hundred and ninety-six thousand, eight hundred and forty-three naira, fifty-two kobo) was arrears of Education Tax owed by Nineteen (19) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦3,496,843.52~~ and forward the evidence for audit verification.

(c) Another sum of ~~₦6,304,350.56~~ (Six million, three hundred and four thousand, three hundred and fifty naira, fifty-six kobo) was arrears of Value Added Tax (VAT) owed by Seventeen (17) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦6,304,350.56~~ and forward the evidence for audit verification.

(d) Also, a total sum of ~~₦10,026,001.61~~ (Ten million, twenty-six thousand, one naira, sixty-one kobo) was arrears of Withholding Tax (WHT) owed by Thirty Two (32) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦10,026,001.61~~ and forward the evidence for audit verification.

(e) It was also observed that 165 (One hundred and sixty-five) companies were yet to file their return as at 31st December 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit their returns.

All the issues raised have been taken up with the Executive Chairman and his response is still being awaited.

SMALL TAXPAYERS OFFICE, GWAGWALADA, ABUJA

7.12 At the Small Taxpayers Office, Gwagwalada, Abuja, it was observed that taxes totaling ₦5,493,927.70 (Five million, four hundred and ninety-three thousand, nine hundred and twenty-seven naira, seventy kobo) made up of Company Income Tax of ₦895,117.70 (Eight hundred and ninety-five thousand, one hundred and seventeen naira, seventy kobo), Education Tax of ₦2,903,501.66 (Two million, nine hundred and three thousand, five hundred and one naira, sixty-six kobo), Value Added Tax of ₦802,454.80 (Eight hundred and two thousand, four hundred fifty-four naira, eighty kobo) and Withholding Tax of ₦892,823.54 (Eight hundred and ninety-two thousand, eight hundred and twenty-three naira, fifty-four kobo) were owed by 4 (Four); 13 (Thirteen); 4 (Four); and 7 (Seven) companies respectively as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦5,493,927.70 (Five million, four hundred and ninety-three thousand, nine hundred and twenty-seven naira, seventy kobo) from the defaulting companies and forward recovery particulars for audit verification.

His response is being awaited.

INDIVIDUAL AND ENTERPRISE TAX OFFICE, ABUJA

7.13 During the periodic check carried out at the Individual and Enterprise Tax Office, it was observed that seven (7) companies owed the total sum of ₦4,076,636.00 (Four million, seventy-six thousand, six hundred and thirty-six naira) as Pay As You Earn (PAYE) arrears as at 31st December, 2015.

The Executive Chairman has been requested to collect the debt and forward to my Office the recovery particulars for audit verification.

SMALL TAXPAYERS OFFICE, ASOKORO, ABUJA

7.14 During the periodic check of books of account carried out at the Small Taxpayers Office, Asokoro, Abuja, the following observations were made:-

(a) Twenty-two (22) companies owed a total of ₦66,835,980.50 (Sixty-six million, eight hundred and thirty-five thousand, nine hundred and eighty naira, fifty kobo) as Company Income Tax as at 29th February, 2016.

The Executive Chairman has been requested to recover the sum of ~~₦~~66,835,980.50 (Sixty-six million and eight hundred and thirty-five thousand, nine hundred and eighty naira, fifty kobo) from the defaulting companies and forward recovery particulars for audit verification.

(b) Twenty-two (22) companies owed a total of ~~₦~~8,027,121.31 (Eight million, twenty-seven thousand, one hundred and twenty-one naira, thirty-one kobo) as Education Tax as at 29th February, 2016.

The Executive Chairman has been requested to recover the sum of ~~₦~~8,027,121.31 (Eight million, twenty-seven thousand, one hundred and twenty-one naira, thirty-one kobo) from the defaulting companies and forward recovery particulars for audit verification.

(c) Twenty-one (21) companies owed a total of ~~₦~~10,338,276.09 (Ten million, three hundred and thirty-eight thousand, two hundred and seventy-six naira, nine kobo) as Value Added Tax as at 29th February, 2016.

The Executive Chairman has been requested to recover the sum of ~~₦~~10,338,276.09 (Ten million, three hundred and thirty-eight thousand, two hundred and seventy-six naira and nine kobo) from the defaulting companies and forward recovery particulars for audit verification.

(d) Another eighteen (18) companies owed a total of ~~₦~~4,557,451.20 (Four million, five hundred and fifty-seven thousand, four hundred and fifty-one naira, twenty kobo) as Withholding Tax as at 29th February, 2016.

The Executive Chairman has been requested to recover the sum of ~~₦~~4,557,451.20 (Four million, five hundred and fifty-seven thousand, four hundred and fifty-one naira, twenty kobo) from the defaulting companies and forward recovery particulars for audit verification.

(e) Seven (7) companies were yet to file their returns as at 29th February, 2016.

The Executive Chairman has been requested to intensify effort to communicate with these companies to always submit these returns as and when due.

These issues have been communicated to the Executive Chairman and his response is still being awaited.

SMALL TAXPAYERS OFFICE, CENTRAL AREA, CHURCH GATE,
BUSINESS DISTRICT, ABUJA

7.15 During the periodic check of books of account carried out at the Small Taxpayers Office, Central Area, Church Gate, Business District, Abuja, the following observations were made:-

(a) Thirty-eight (38) companies owed a total of ~~₦~~95,048,118.42 (Ninety-five million, forty-eight thousand, one hundred and eighteen naira, forty-two kobo) as Company Income Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~95,048,118.42 (Ninety-five million, forty-eight thousand, one hundred and eighteen naira, forty-two kobo) from the defaulting companies and forward recovery particulars for audit verification.

(b) Another forty-four (44) companies owed a total of ~~₦~~18,740,046.63 (Eighteen million, seven hundred and forty thousand, forty-six naira, sixty-three kobo) as Education Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~18,740,046.63 (Eighteen million, seven hundred and forty thousand, forty-six naira, sixty-three kobo) from the defaulting companies and forward recovery particulars for audit verification.

(c) Seventeen (17) companies owed a total sum of ~~₦~~31,402,468.34 (Thirty-one million, four hundred and two thousand, four hundred and sixty-eight naira, thirty-four kobo) as Value Added Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~31,402,468.34 (Thirty-one million, four hundred and two thousand, four hundred and sixty-eight naira, thirty-four kobo) from the defaulting companies and forward recovery particulars for audit verification.

(d) Eighteen (18) companies owed a total sum of ~~₦~~13,346,205.20 (Thirteen million, three hundred and forty-six thousand, two hundred and five naira, twenty kobo) as Withholding Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~13,346,205.20 (Thirteen million, three hundred and forty-six thousand, two hundred and five naira, twenty kobo) from the defaulting companies and forward recovery particulars for audit verification.

(e) Two hundred and eight (208) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns and forward evidence for verification.

These issues have been communicated to the Executive Chairman and his response is still being awaited.

MICRO AND SMALL TAX PAYERS OFFICE, SULEJA

7.16 During the periodic check of books of account carried out in Micro and Small Tax Payers Office, Suleja, it was observed that 1,216 (One thousand, two hundred and sixteen) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns and forward evidence for verification.

SURULERE MICRO AND SMALL TAX OFFICE LAGOS

7.17 During the periodic check of books of account carried out in Surulere Micro and Small Tax Office Lagos, the following observations were made:-

(a) A total sum of ₦16,835,427.93 (Sixteen million, eight hundred and thirty-five thousand, four hundred and twenty-seven naira, ninety-three kobo) were arrears of Company Income Tax owed by six (6) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ₦16,835,427.93 (Sixteen million, eight hundred and thirty-five thousand, four hundred and twenty-seven naira, ninety-three kobo) and forward the evidence for audit verification.

(b) Also, a total sum of ₦7,890,528.56 (Seven million, eight hundred and ninety thousand, five hundred and twenty-eight naira, fifty-six kobo) were arrears of Education Tax owed by Eight (8) companies as at 31st December 2015.

(c) It was also observed that a total sum of ₦4,979,868.00 (Four million, nine hundred and seventy-nine thousand, eight hundred and sixty-eight naira) were arrears of Value Added Tax (VAT) owed by Three (3) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ₦4,979,868.00 and forward the evidence for audit verification.

(d) Also, a total sum of ₦15,734,430.33 (Fifteen million, seven hundred and thirty-four thousand, four hundred and thirty naira, thirty-three kobo) were collected out of the amount owed, leaving a balance of ₦15,268,107.16 (Fifteen million, two hundred and sixty-eight thousand, one hundred and seven naira, sixteen kobo) as at the date of audit.

The Executive Chairman has been requested to recover the sum of ₦15,268,107.16 and forward the evidence for audit verification.

(e) It was also observed that seventeen (17) companies were yet to file their returns as at 31st December 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit their returns as at 31st December 2015.

All the issues raised have been taken up with the Executive Chairman and his response is still being awaited.

YABA MICRO AND SMALL TAX OFFICE LAGOS

7.18 During the periodic check of the Yaba Micro and Small Tax Office Lagos, the following observations was made:-

(a) A total sum of ~~₦~~4,735,000.00 (Four million, seven hundred and thirty-five thousand naira) were arrears of Company Income Tax owed by One (1) company as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~4,735,000.00 and forward the evidence for audit verification.

(b) Also, a total sum of ~~₦~~140,893.17 (One hundred and forty thousand, eight hundred and ninety-three naira, seventeen kobo) were arrears of Education Tax owed by One (1) company as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~140,893.17 and forward the evidence for audit verification.

All the issues raised have been taken up with the Executive Chairman and his response is still being awaited.

IKORODU MICRO AND SMALL TAX PAYER OFFICE, LAGOS

7.19 During the periodic check of Ikorodu Micro and Small Tax Payer Office, Ikorodu, Lagos, the following observations were made:-

(a) A total sum of ~~₦~~22,472,086.34 (Twenty-two million, four hundred and seventy-two thousand, eighty-six naira, thirty-four kobo) were arrears of Company Income Tax owed by Forty Three (43) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the amount and forward the evidence for audit verification.

(b) A total sum of ~~₦~~2,701,053.35 (Two million, seven hundred and one thousand, fifty-three naira, thirty-five kobo) were arrears of Education Tax owed by Twenty (20) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~2,701,053.35 and forward the evidence for audit verification.

(c) Fifty-two (52) companies were yet to file their returns as at 31st December 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit their returns as at 31st December 2015.

All the issues raised have been taken up with the Executive Chairman and his response is still being awaited.

MICRO AND SMALL TAX OFFICE, IKOYI, LAGOS

7.20 During the periodic check carried out at the Micro And Small Tax Office Ikoyi, Lagos, the following observation was made:-

(a) A total sum of ~~₦~~14,600,558.51 (Fourteen million, six hundred thousand, five hundred and fifty-eight naira, fifty-one kobo) were arrears of Company Income Tax owed by Four (4) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the amount and forward the evidence for audit verification.

(b) Another sum of ~~₦~~3,190,283.11 (Three million, one hundred and ninety thousand, two hundred and eighty-three naira, eleven kobo) were arrears of Education Tax owed by Four (4) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~3,190,283.11 and forward the evidence for audit verification.

(c) A total sum of ~~₦~~4,712,801.00 (Four million, seven hundred and twelve thousand, eight hundred and one naira) were arrears of Value Added Tax (VAT) owed by Four (4) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~4,712,801 and forward the evidence for audit verification.

(d) It was also observed that Ten (10) companies were yet to file their returns as at 31st December 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit their returns as at 31st December 2015.

All the issues raised have been taken up with the Executive Chairman and his response is still being awaited.

FESTAC MICRO AND SMALL TAX OFFICE LAGOS

7.21 During the periodic check carried out at Festac Micro and Small Tax Office Lagos, the following observations was made:-

(a) A total sum of ~~₦~~11,168,029.88 (Eleven million, one hundred and sixty-eight thousand, twenty-nine naira, eighty-eight kobo) were arrears of Company Income Tax owed by 11 (Eleven) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ₦11,168,029.88 and forward the evidence for audit verification.

(b) Also, a total sum of ~~₦9,413,079.00~~ (Nine million, four hundred and thirteen thousand, seventy-nine naira) were arrears of Education Tax (~~₦990,092.73~~) owed by Twelve (12) companies and Value Added Tax (VAT) (~~₦8,422,986.27~~) owed by Nine (9) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦9,413,079~~ and forward the evidence of remittance to my Office for audit verification.

(c) Thirty-eight (38) companies were yet to file their returns as at 31st December 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit their returns.

The issues raised have been taken up with the Executive Chairman and his response is still being awaited.

LARGE TAX OFFICE (NON-OIL), LAGOS MAINLAND

7.22 During the periodic check carried out at Large Tax Office (Non-Oil), Lagos Mainland, the following observations was made:-

(a) A total sum of ~~₦125,649,452.00~~ (One hundred and twenty-five million, six hundred and forty-nine thousand, four hundred and fifty-two naira) were arrears of Company Income Tax (CIT) (~~₦123,797,124.00~~) owed by Four (4) companies and Education Tax (~~₦1,852,328.00~~) owed by Two (2) companies as at 31st December 2015.

The Executive Chairman has been requested to recover the sum of ~~₦125,831,452.00~~ to Federal Inland Revenue Service (FIRS) and forward the evidence for audit verification.

(b) Five (5) companies were yet to file their returns as at 31st December 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit their returns as at 31st December 2015.

The issues raised have been taken up with the Executive Chairman and his response is still being awaited.

SMALL TAX PAYERS OFFICE, ILUPEJU II, LAGOS

7.23 During the periodic check carried out at Small Taxpayers Office, Ilupeju II, the following observations were made:-

(a) Thirty-nine (39) companies owed a total of ₦288,563,295.92 (Two hundred and eighty-eight million, five hundred and sixty-three thousand, two hundred and ninety-five naira, ninety-two kobo) as Company Income Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦288,563,295.92 from the defaulting companies and forward recovery particulars for audit verification.

(b) Thirty-two (32) companies owed a total ₦19,419,414.59 (Nineteen million, four hundred and nineteen thousand, four hundred and fourteen naira, fifty-nine kobo) as Education Tax as at 1st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦19,419,414.59 from the defaulting companies and forward recovery particulars for audit verification.

(c) Thirty (30) companies owed a total of ₦12,719,636.59 (Twelve million, seven hundred and nineteen thousand, six hundred and thirty-six naira, fifty-nine kobo) as Withholding Tax as at December, 2015.

The Executive Chairman has been requested to recover the sum of ₦12,719,636.59 from the defaulting companies and forward recovery particulars for audit verification.

(d) Thirty (30) companies owed a total of ₦33,141,453.38 (Thirty-three million, one hundred and forty-one thousand, four hundred and fifty-three naira, thirty-eight kobo) as Value Added Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦33,141,635.38 from the defaulting companies and forward recovery particulars for audit verification.

(e) Thirty (30) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns and forward evidence for verification.

All these issues have been communicated to the Executive Chairman and his response is still being awaited.

ALIMOSHO MICRO AND SMALL TAX OFFICE, LAGOS

7.24 During the periodic check carried out at Alimosho Micro and Small Tax Office, Lagos, the following observations were made:-

(a) Nineteen (19) companies owed the total sum of ₦1,053,014.86 (One million, fifty-three thousand, fourteen naira, eighty-six kobo). Company Income Tax was ₦1,045,185.09 (One million, forty-five thousand, one hundred and eighty-five naira,

nine kobo) while Education Tax arrears were ₦7,829.77 (Seven thousand eight hundred and twenty-nine naira, seventy-seven kobo), as at 31st December, 2015.

The Executive Chairman has been requested to collect the outstanding Taxes and forward the recovery particulars for audit verification.

(b) It was also observed that 26 (Twenty-six) Companies failed to file their returns in the year ended 31st December, 2015.

The Executive Chairman has been requested to follow-up and compel them to comply.

The issues raised have been communicated to the Executive Chairman and his response is still being awaited.

MEDIUM TAX OFFICE, LAGOS MAINLAND EAST

7.25 During the periodic check o carried out at Medium Tax Office, Lagos Mainland East, the following observations were made:-

(a) Four (4) companies owed a total of ₦18,941,889.88 (Eighteen million, nine hundred and forty-one thousand, eight hundred and eighty-nine naira, eighty-eight kobo) as Company Income Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦18,941,889.88 from the defaulting companies and forward recovery particulars for audit verification.

(b) Nine (9) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns and forward evidence for confirmation.

The issues have been communicated to the Executive Chairman and his response is still being awaited.

ALABA MICRO AND SMALL TAX OFFICE, LAGOS

7.26 During the periodic check carried out at the Alaba Micro and Small Tax Office, Lagos, the following observations were made:-

(a) Five (5) companies owed a total sum of ₦13,804,180.00 (Thirteen million, eight hundred and four thousand, one hundred and eighty naira) as Company Income Tax (CIT) arrears as at 31st December, 2015.

The Executive Chairman has been requested to collect the debt and forward the recovery particulars for verification.

(b) A total sum of ₦11,980,034.00 (Eleven million, nine hundred and eighty thousand, thirty-four naira) made up of Education Tax of ₦926,626.00 (Nine hundred and twenty-six thousand, six hundred and twenty-six naira) and Value Added Tax of ₦11,053,408.00 (Eleven million, fifty-three thousand, four hundred and eight naira) were owed by five (5) and two (2) companies respectively, in arrears as at 31st December, 2015.

The Executive Chairman has been requested to collect the debt and forward the recovery particulars for verification.

(c) Fifteen (15) companies failed to render their returns in the year ended 31st December, 2015.

The Executive Chairman has been requested to follow-up and compel them to comply. His response is still been awaited.

AGEGE MICRO AND SMALL TAXPAYERS OFFICE, LAGOS

7.27 During the periodic check carried out at Agege Micro and Small Taxpayers Office, Lagos, the following observations were made:-

(a) Amounts totaling ₦5,500,098.88 (Five million, five hundred thousand, ninety-eight naira, eighty-eight kobo) made up of Company Income Tax of ₦5,023,127.64 (Five million and twenty-three thousand, one hundred and twenty-seven naira, sixty-four kobo) and Education Tax of ₦476,971.24 (Four hundred and seventy-six thousand, nine hundred and seventy-one naira, twenty-four kobo) were owed by 30 (Thirty) and 1 (One) companies respectively as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦5,500,098.88 from the defaulting companies and forward recovery particulars for audit verification.

(b) Forty-four (44) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns and forward evidence for verification.

The issues have been communicated to the Executive Chairman and his response is still being awaited.

SMALL TAXPAYERS OFFICE, ISOLO LAGOS

7.28 During the periodic check carried out at Small Taxpayers Office, Isolo Lagos, the following observations were made:-

(a) Three (3) companies owed a total of ~~₦~~44,355,908.84 (Forty-four million, three hundred and fifty-five thousand, nine hundred and eight naira, eighty-four kobo) as Company Income Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~44,355,908.84 from the defaulting companies and forward recovery particulars for audit verification.

(b) Taxes totaling ~~₦~~12,739,335.17 (Twelve million, seven hundred and thirty-nine thousand, three hundred and thirty-five naira, seventeen kobo) made up of Education Tax of ~~₦~~3,393,536.78 and Value Added Tax of ~~₦~~9,345,798.39 were owed by 3 (Three) and 2 (Two) companies respectively as at 31st December, 2015.

The Executive Chairman had been requested to recover the sum of ~~₦~~12,739,335.17 from the defaulting companies and forward recovery particulars for audit verification.

(c) Five (5) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns and forward evidence for confirmation.

The issues have been communicated to the Executive Chairman and his response is still being awaited.

MEDIUM TAX OFFICE, AJAH, LAGOS

7.29 During the periodic check carried out at Medium Tax Office, Ajah, Lagos, the following observations were made:-

(a) Twenty-two (22) companies owed a total of ~~₦~~128,812,256.30 (One hundred and twenty-eight million, eight hundred and twelve thousand, two hundred and fifty-six naira, thirty kobo) as Company Income Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~128,812,256.30 from the defaulting companies and forward recovery particulars for audit verification.

(b) Twenty-one (21) companies owed a total of ~~₦~~12,201,911.76 (Twelve million, two hundred and one thousand, nine hundred and eleven naira, seventy-six kobo) Education Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~12,201,911.76 from the defaulting companies and forward recovery particulars for audit confirmation.

(c) Seventeen (17) companies owed a total of ~~₦~~22,583,258.87 (Twenty-two million, five hundred and eighty-three thousand, two hundred and fifty-eight naira, eighty-seven kobo) Value Added Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~22,583,258.87 from the defaulting companies and forward recovery particulars for audit verification.

(d) Twenty-eight (28) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns and forward evidence for confirmation.

All these issues have been communicated to the Executive Chairman and his response is still being awaited.

LARGE TAX OFFICE, LAGOS ISLAND

7.30 During the periodic check carried out at Large Tax Office, Lagos Island, the following observations were made:-

(a) A total sum of ~~₦~~3,265,499,870.90 (Three billion, two hundred and sixty-five million, four hundred and ninety-nine thousand, eight hundred and seventy naira, ninety kobo) was arrears of Company Income Tax owed by 11 (Eleven) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~3,265,499,870.90 from the defaulting companies and forward recovery particulars for audit verification.

(b) A total sum of ~~₦~~825,981,370.00 (Eight hundred and twenty-five million, nine hundred and eighty-one thousand, three hundred and seventy naira) was arrears of Education Tax owed by 18 (Eighteen) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~825,981,370.00 from the defaulting companies and forward recovery particulars for audit verification.

(c) A total sum of ~~₦~~3,401,977,263.05 (Three billion, four hundred and one million, nine hundred and seventy-seven thousand, two hundred and sixty-three naira, five kobo) was arrears of Withholding Tax (WHT) owed by 14 (Fourteen) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~3,401,977,263.05 from the defaulting companies and forward recovery particulars for audit verification.

(d) A total sum of ~~₦~~7,472,997,511.84 (Seven billion, four hundred and seventy-two million, nine hundred and ninety-nine thousand, five hundred and eleven naira, eighty-four kobo) was arrears of Value Added Tax (VAT) owed by 12 (Twelve) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~7,472,997,511.84 and forward the evidence for audit verification.

(e) Moreso, 11 (eleven) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns as at December, 2015.

All the issues have been taken up with the Executive Chairman and his response is still being awaited.

NEW BROAD STREET MICRO AND SMALL TAX OFFICE, LAGOS

7.31 During the periodic check carried out at New Broad Street Micro and Small Tax Office, Lagos, the following observations were made:-

(a) Twenty-four (24) companies owed the total sum of ~~₦~~67,884,275.12 (Sixty-seven million, eight hundred and eighty-four thousand, two hundred and seventy-five naira, twelve kobo) as Company Income Tax Arrears as at 31st December, 2015.

The Executive Chairman has been requested to collect the outstanding taxes and notify my Office for verification.

(b) Twenty-nine (29) companies owed the total sum of ~~₦~~19,648,305.51 (Nineteen million, six hundred and forty-eight thousand, three hundred and five naira, fifty-one kobo) as Education Tax Arrears as at 31st December, 2015.

The Executive Chairman has been requested to collect the outstanding taxes and notify me for verification.

(c) Twenty-three (23) companies failed to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to follow-up and compel them to comply.

(d) A total sum of ~~₦~~98,209,361.38 (Ninety-eight million, two hundred and nine thousand, three hundred and sixty-one naira, thirty-eight kobo) made up of Value Added Tax of ~~₦~~77,403,572.38 and Withholding Tax of ~~₦~~20,805,789.00 were owed by 28 (Twenty-eight) and 27 (Twenty-seven) companies respectively in arrears as at 31st December, 2015.

The Executive Chairman has been requested to collect the outstanding taxes and notify me for verification.

All the issues have been communicated to the Executive Chairman and his response is still being awaited.

MEDIUM TAX OFFICE, LAGOS ISLAND

7.32 During the periodic check carried out at Medium Tax Office, Lagos Island, the following observations were made:-

(a) A total sum of ₦1,555,444,841.60 (One billion, five hundred and fifty-five million, four hundred and forty-four thousand, eight hundred and forty-one naira, sixty kobo) were arrears of Company Income Tax owed by 87 (Eighty-seven) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦1,555,444,841.60 and forward the evidence for audit verification.

(b) It was also observed that 2 (Two) companies were under litigation and 19 (Nineteen) were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns as at December, 2015.

The issues have been taken up with the Executive Chairman and his response is still being awaited.

MICRO AND SMALL TAX OFFICE, ONIKAN, LAGOS

7.33 During the period check carried out at Micro and Small Tax Office, Onikan, Lagos, the following observations were made:-

(a) A total sum of ₦10,002,680.74 (Ten million, two thousand, six hundred and eighty naira, seventy-four kobo) were arrears of Company Income Tax owed by 1 (One) company as at 31st December, 2015.

The Executive Chairman has been requested to recover the amount and forward the evidence for audit verification.

(b) Also, a total sum of ₦7,385,339.16 (Seven million, three hundred and eighty-five thousand, three hundred and thirty-nine naira, sixteen kobo) were arrears of Education Tax (₦2,084,079.91) owed by 2 (Two) companies and Valued Added Tax (VAT) (₦5,301,259.25) owed by 3 (Three) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦7,385,339.16 and forward the evidence for audit verification.

(c) A total sum of ₦12,273,565.62 (Twelve million, two hundred and seventy-three thousand, five hundred and sixty-five naira, sixty-two kobo) was arrears of Withholding Tax (WHT) owed by 2 (Two) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of N12,273,565.62 and forward the evidence for audit verification.

All the issues have been taken up with the Executive Chairman and his response is still being awaited.

BAR BEACH MICRO AND SMALL TAX PAYERS OFFICE, LAGOS

7.34 During the periodic check carried out at Bar Beach Micro and Small Tax Payers Office, Lagos, the following observations were made:-

(a) Twelve (12) companies owed a total of ₦163,365,607.00 (One hundred and sixty-three million, three hundred and sixty-five thousand, six hundred and seven naira) as Company Income Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦163,365,607.00 from the defaulting companies and forward recovery particulars for audit verification.

(b) Six (6) companies owed a total of ₦10,651,523.00 (Ten million, six hundred and fifty-one thousand, five hundred and twenty-three naira) as Education Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ₦10,651,523.00 from the defaulting companies and forward recovery particulars for audit verification.

(c) Fourteen (14) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns as at December, 2015.

All the issues have been taken up with the Executive Chairman and his response is still being awaited.

MEDIUM TAX OFFICE, LAGOS MAINLAND WEST

7.35 During the periodic check carried out at Medium Tax Office, Lagos Mainland West, the following observations were made:-

(a) Four (4) companies owed a total of ~~₦~~91,526,468.00 (Ninety-one million, five hundred and twenty-six thousand, four hundred and sixty-eight naira) as Company Income Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~91,526,468.00 from the defaulting companies and forward recovery particulars for audit verification.

(b) Four (4) companies owed a total of ~~₦~~5,214,330.00 (Five million, two hundred and fourteen thousand, three hundred and thirty naira) as Education Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~5,214,330.00 from the defaulting companies and forward recovery particulars for audit verification.

(c) Three (3) companies owed a total of ~~₦~~8,318,282.00 (Eight million, three hundred and eighteen thousand, two hundred and eighty-two naira) as Withholding Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~8,318,282.00 from the defaulting companies and forward recovery particulars for audit verification.

(d) Four (4) companies owed a total of ~~₦~~16,102,789.72 (Sixteen million, one hundred and two thousand, seven hundred and eighty-nine naira, seventy-two kobo) as Value Added Tax as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~16,102,789.72 from the defaulting companies and forward recovery particulars for audit confirmation.

(e) Seven (7) companies were yet to file their returns as at 31st December, 2015.

The Executive Chairman has been requested to intensify effort to communicate with these companies to submit the returns as at December, 2015.

All the issues have been taken up with the Executive Chairman through my Audit Inspection Report Ref. No. OAuGF/FIRS/LOS/VOL.1/REPORT/002/2016 of 11th July, 2016. His response is still being awaited.

LARGE TAX OFFICE, ABUJA

7.36 During the audit examination of the accounts and other related records of Large Tax Office, Abuja, the following observations were made:-

(a) The sum of ~~₦~~9,098,517,912.59 (Nine billion, ninety-eight million, five hundred and seventeen thousand, nine hundred and twelve naira, fifty-nine kobo) made up of

Company Income Tax of ~~₦~~2,557,937,898.46, Education Tax of ~~₦~~198,273,650.26, Value Added Tax of ~~₦~~4,684,103,850.88, Withholding Tax of ~~₦~~1,655,898,382.99 and NITDEF of ~~₦~~2,304,130.00 were not remitted by 16 (Sixteen) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~9,098,517,912.59 (Nine billion, ninety-eight million, five hundred and seventeen thousand, nine hundred and twelve naira, fifty-nine kobo) from the defaulting companies and forward evidence for audit verification.

(b) A total sum of ~~₦~~896,198,079.92 (Eight hundred and ninety-six million, one hundred and ninety-eight thousand, seventy-nine naira, ninety-two kobo) were tax outstanding as a result of restricted tax clearance to 4 (Four) companies as at 31st December, 2015.

The Executive Chairman has been requested to recover the sum of ~~₦~~896,198,079.92 from the 4 (Four) companies and forward evidence for audit verification.

The issues raised above have been taken up with the Executive Chairman and his response is still being awaited.

SMALL AND MEDIUM SCALE ENTERPRISE DEVELOPMENT AUTHORITY OF NIGERIA

7.37 During the periodic check on Financial Statement and related matters of the above Agency, the following observations were made:-

(a) An amount of ~~₦~~3,678,702.94 (Three million, six hundred and seventy-eight thousand, seven hundred and two naira, ninety-four kobo) Value Added Tax (VAT) and ~~₦~~1,265,555.00 (One million, two hundred and sixty-five thousand, five hundred and fifty-five naira) Withholding tax were purportedly remitted for years 2013 and 2014 to Federal Inland Revenue Service without evidence of payment.

The Director-General has been asked to furnish the receipts that evidence the payment of the sum of ~~₦~~4,944,237.94 VAT and WHT from Federal Inland Revenue Service for verification.

(b) An amount of ~~₦~~33,400,000.00 (Thirty-three million, four hundred thousand naira) from contract registration and tender fees, between 2013 and 2014, which were independent revenue, were not remitted to Treasury. This is a violation of Financial Regulation 236 and Fiscal Responsibility Act of 2007, which stipulate that independent revenue generated shall be remitted to the Consolidated Revenue Fund.

The Director-General has been requested to remit the sum of ~~₦~~33,400,000.00 (Thirty-three million, four hundred thousand naira) to the Treasury and forward the receipts for verification

These issues have been taken up with the Director-General and his response is still being awaited.

BANK OF INDUSTRY

7.38 During the periodic check carried out at the Bank of Industry, the following observations were made:-

(a) A sum of ~~₦~~8,457,960,000.00 (Eight billion, four hundred and fifty-seven million, nine hundred and sixty thousand naira) was owed by 58 (Fifty-eight) delinquent debtors as at December 2015 to the Agency. This is a violation of the Central Bank of Nigeria directives in Circular Ref. No. BSD/DIR/GEN/LAB/08/02 of April, 22nd 2015 in which the debtors' names are to be published in 3 (Three) National Newspapers.

The Managing Director has been requested to recover the outstanding debts of ~~₦~~8,457,960,000.00 (Eight billion, four hundred and fifty-seven million, nine hundred and sixty thousand naira) or publish the names of the affected debtors in the Newspaper as directed by the Central Bank of Nigeria and forward to my Office, evidence of compliance with the CBN directives and progress made on debts recovery.

(b) A total amount of ~~₦~~2,770,074,821.00 (Two billion, seven hundred and seventy million, seventy-four thousand, eight hundred and twenty-one naira) in a "You Win" Account, maintained and operated by the Accountant-General of the Federation was deposited in the bank.

The Managing Director has been requested to provide evidence to show that this amount with interest generated has been transferred to the Central Bank of Nigeria as stipulated in the Office of the Accountant-General of the Federation Circular Ref. No. TRY/A7&B7/2012/OAGF/CAD/026/VII/240 dated 5th October 2015.

The issues raised have been taken up with the Managing Director and his response is still being awaited.

NIGERIA EXPORT IMPORT BANK

7.39 During the periodic checks on financial and related matters of the Nigeria Export- Import Bank, the following observations were made:-

(a) A sum of ~~₦~~6,200,000,000.00 (Six billion, two hundred million naira) was invested in Fixed Deposits in 12 (Twelve) accounts with 8 (Eight) banks instead of investing such funds in Nigeria Treasury Bills. This is a violation of the provisions of Treasury Circular No. TRY/A5&B5/2009/OAGF/CAD/026/V.32 of 19th June, 2009 which states that "All idle balances in the Capital account and the balances in all Special Accounts except Recurrent Accounts shall only be invested by the Ministries/Extra-Ministerial Departments and Agencies in 91 days primary Market

Nigeria Treasury Bills (NTB). Parastatals and Government owned Corporations acting as the principal, shall instruct their authorized banks in which their accounts are maintained, to invest the idle funds at the prevailing market rates as may be applicable in the Nigeria Treasury Bills.

The Managing Director has been asked to give explanations for making investments in Fixed Deposits instead of the Nigeria Treasury Bills and FGN Bonds at the prevailing market rates.

(b) A total amount of ₦11,271,384,739.28 (Eleven billion, two hundred and seventy-one million, three hundred and eighty-four thousand, seven hundred and thirty-nine naira, twenty-eight kobo) was extended to some customers, companies, corporations, firms and other bodies as credit facilities as required by Nigeria Export – Import Bank Act No. 38 of 1991.

In accordance with Section 6 (91) of NEXIM Act. 38, which states that “The bank may, for the purpose of recovering any sums owed to it under any of its facilities and services, acquire such interests, rights or property in the assets of any person concerned in such transactions in satisfaction thereof and may retain, invest, sell or otherwise dispose of any interest right or property so acquired.

The Managing Director has been requested to forward the documents relating to the recovery of the credit facilities for verification.

(c) A sum of ₦10,000,000.00 (Ten million naira) was paid to the Supervising ministry, to support a conference, after the ministry’s budget had already covered all its expenditure for the year. This is contrary to extant circulars and regulation.

The Managing Director has been requested to recover and pay the sum of ₦10,000,000.00 (Ten million naira) to the Treasury and forward the receipts to my Office for verification.

These issues raised have been taken up with the Managing Director and his response is still being awaited.

STANDARD ORGANIZATION OF NIGERIA (SON)

7.40 During the periodic check on financial and related matters of the above organization, the following observations were made:-

(a) A sum of ₦2,085,042.56 (Two million, eighty-five thousand, forty-two naira, fifty-six kobo) was deducted as commission on turnover/bank charges by a bank. However, this is contrary to Treasury Circular Ref. No. TRY/A3&B3/2001 and OAGF/PRS/005/111/185 of 26th June, 2010 which forbids banking institutions charging commission on turnover/bank charges on the bank accounts of Government MDAs and Offices kept with them.

The Director-General has been asked to recover the sum of ~~₦~~2,085,042.56 (Two million, eighty-five thousand, forty-two naira, fifty-six kobo) from the affected bank and forward the necessary recovery particulars and evidence of remittance to the Treasurer of the Federation.

(b) A total amount of ~~₦~~15,025,850.00 (Fifteen million, twenty-five thousand, eight hundred and fifty naira) granted as cash advances to the staff of the Organization were still outstanding as at the time of the periodic check. This is contrary to the provision of Financial Regulation 1011, which states that imprest/advances granted shall be retired on or before 31st December of the financial year.

The Director-General has been requested to compel all affected officers to retire the advances and forward the particulars related to the expenditure for audit verification.

(c) A sum of ~~₦~~33,303,394.75 (Thirty-three million, three hundred and three thousand, three hundred and ninety-four naira, seventy-five kobo) Withholding tax and ~~₦~~29,288,626.50 (Twenty-nine million, two hundred and eighty-eight thousand, six hundred and twenty-six naira, fifty kobo) Value Added Tax deducted by the Organization, had no evidence of payment to the Federal Inland Revenue Service. Also, a sum of ~~₦~~11,170,695.85 (Eleven million, one hundred and seventy thousand, six hundred and ninety-five naira, eighty-five kobo) Value Added Tax and ~~₦~~11,871,151.77 (Eleven million, eight hundred and seventy-one thousand, one hundred and fifty-one naira, seventy-seven kobo) Withholding tax were also not remitted to the Federal Inland Revenue Service.

The Managing Director has been asked to furnish the Federal Inland Revenue Service receipt for ~~₦~~62,592,021.25 (Sixty-two million, five hundred and ninety-two thousand, twenty-one naira, twenty-five kobo) WHT and VAT and remit also the sum of ~~₦~~23,041,847.62 (Twenty-three million and forty-one thousand, eight hundred and forty-seven naira, sixty-two kobo) being taxes and forward the FIRS receipts to my Office for verification.

(d) An amount of ~~₦~~25,696,499.00 (Twenty-five million, six hundred and ninety-six thousand, four hundred and ninety-nine naira) which was trapped in a distressed bank, was not revealed as recovered from the books of accounts.

The Director-General has been requested to recover and remit the sum of ~~₦~~25,696,499.00 (Twenty-five million, six hundred and ninety-six thousand, four hundred and ninety-nine naira) to the Treasury and forward the receipt to my Office for verification.

These issues raised have been taken up with the Director-General and his response is still being awaited.

FEDERAL MINISTRY OF FINANCE

7.41 During the audit examination of the accounts and records of the Federal Ministry of Finance, the following observations were made:-

(a) A contract worth ₦2,477,900.00 (Two million, four hundred and seventy-seven thousand, nine hundred naira) was awarded by the Ministry. It was observed that the contractor submitted a quotation before the invitation to bid for the contract was approved. This is contrary to the contract process when a bidding invitation is first sent to the contractor before the quotation. Also the contractor's tax clearance certificate was not provided by the contractor.

The Permanent Secretary has been requested to explain these lapses.

(b) A sum of ₦2,768,760.54 (Two million, seven hundred and sixty-eight thousand, seven hundred and sixty naira, fifty-four kobo) which is equivalent of \$13,919.00 (Thirteen thousand, nine hundred and nineteen dollars) were overpaid as estacode allowances to some staff of the ministry on foreign tours. This overpayment was done as a result of transit days which were included in their estacode allowances. However, this is contrary to Sections 130106 – 130108 of the Public Service Rules which stipulates that such allowances are granted to enable staff pay for lodging and feeding expenses during official hours duly approved by the approving authority.

The Permanent Secretary has been requested to compel all the staff involved in the irregularity to refund the excess estacode allowances to the Sub-treasury and forward the receipt to my Office for confirmation.

(c) A total amount of ₦16,858,800.00 (Sixteen million, eight hundred and fifty-eight thousand, eight hundred naira) cash advances granted to some staff of the ministry between October and December, 2015 were not retired, contrary to Financial Regulation 420.

The Permanent Secretary has been asked to compel the affected staff to retire the cash advances without further delay or deduct the amounts from the involved staff's salary en-bloc and furnish my Office with the retirement or deduction particulars for verification.

These issues raised have been taken up with the Permanent Secretary and his response is still being awaited.

NIGERIA DEPOSIT INSURANCE CORPORATION (NDIC)

7.42 During the periodic check on financial and related matters of the Nigeria Deposit Insurance Corporation (NDIC), the following observations were made:-

(a) A total amount of ₦16,894,830.08 (Sixteen million, eight hundred and ninety-four thousand, eight hundred and thirty naira, eight kobo) were outstanding deposit Insurance premium collectible from Micro-Finance Banks. This is contrary to Nigeria Deposit insurance Corporation (NDIC) Act which obliges all licensed banks or financial institutions to pay a premium per annum on the total deposit liabilities standing in its books as at 31st December of the preceding year.

The Managing Director has been requested to recover the outstanding premium of ₦16,894,830.08 (Sixteen million, eight hundred and ninety-four thousand, eight hundred and thirty naira, eight kobo) from the Micro-Finance banks as required by the NDIC's Act and forward the particulars of recovery to my Office for verification.

(b) A sum of ₦8,497,983.06 (Eight million, four hundred and ninety-three thousand, nine hundred and eighty-three naira, six kobo) Withholding Tax (WHT) was under-deducted from various consultancy services rendered to the Corporation. Consequently, an application of 5% was calculated as WHT as against 10% required by Tax Laws on consultancy. This violation is contrary to Financial Regulation 234(i) which stipulates that "it is mandatory for accounting officers to ensure full compliance with Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same".

The Managing Director has been asked to recover the sum of ₦8,497,983.06 (Eight million, four hundred and ninety-three thousand, nine hundred and eighty-three naira, six kobo) WHT from the affected consultants and remit to the Federal Inland Revenue Service without further delay. The FIRS receipt should be forwarded to my Office for verification.

(c) Also, a total amount of ₦28,944,337.01 (Twenty-eight million, nine hundred and forty-four thousand, three hundred and thirty-seven naira, one kobo) payments raised on payment vouchers were not supported with the relevant documents. This is contrary to Financial Regulation 603 which stipulates that "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 documents and will invariably be supported by relevant documents such as local purchase orders, invoice, special letters of Authority, time sheets and others".

The Managing Director has been requested to provide all documents relevant to the concerned payment vouchers before the payments can be accepted as legitimate charges against public funds. Otherwise, the sum of ₦28,944,337.01 (Twenty-eight million, nine hundred and forty-four thousand, three hundred and thirty-seven naira, one kobo) should be recovered and particulars of recovery forwarded to my Office for verification.

(d) Assorted items worth ₦46,612,875.00 (Forty-six million, six hundred and twelve thousand, eight hundred and seventy-five naira) were not taken on charge in the stores ledger. This contravenes Financial Regulation 2402 (i) which stipulates that on all payment vouchers for the purchase of stores, the Store-keeper must certify that the stores have been received and taken on charge in the store ledger quoting the stores receipt number and attaching the original copy of the LPO. Also, some obsolete items were not taken to the store for custody and the Store officers were not involved in collating the items for auctions.

The Managing Director has been asked to:-

- (i) Explain the violation of the quoted Financial Regulation
- (ii) Ensure that all issues of stores be supported by Store Issue Voucher to the requisitioning officer and

- (iii) Ensure that all obsolete items are returned to the store and documented properly for submission to Board of Survey.

Otherwise he should refund the sum of ~~₦~~46,612,875.00 (Forty-six million, six hundred and twelve thousand, eight hundred and seventy-five naira) to Government Coffers and forward the particulars to my Office for verification.

All these issues raised have been taken up with the Managing Director and his reaction is still being awaited.

FEDERAL MORTGAGE BANK OF NIGERIA

7.43 During the periodic check of the Federal Mortgage Bank of Nigeria the following observations were made:-

- (a) A sum of ~~₦~~10,108,414.00 (Ten million, one hundred and eight thousand, four hundred and fourteen naira) was paid by the bank to a Federal Ministry without any supporting document to the payment voucher and evidence to acknowledge the receipt of the amount by the ministry.

The Managing Director has been asked to recover and remit the sum of ~~₦~~10,108,414.00 (Ten million, one hundred and eight thousand, four hundred and fourteen naira) to the Sub-treasury and forward the receipt to my Office for verification.

- (b) The sum of ~~₦~~78,106,375.42 (Seventy-eight million, one hundred and six thousand, three hundred and seventy-five naira, forty-two kobo) PAYE, ~~₦~~95,815,032.00 (Ninety-five million, eight hundred and fifteen thousand and thirty-two naira) VAT and WHT of ~~₦~~112,673,242.00 (One hundred and twelve million, six hundred and seventy-three thousand, two hundred and forty-two naira) totalling ~~₦~~286,594,649.42 (Two hundred and eighty-six million, five hundred and ninety-four thousand, six hundred and forty-nine naira, forty-two kobo) were said to be paid to Federal Inland Revenue Service without evidence of receipt. Also, a sum of ~~₦~~42,293,303.37 (Forty-two million, two hundred and ninety-three thousand, three hundred and three naira, thirty-seven kobo) Withholding Tax, ~~₦~~30,869,846.79 (Thirty million, eight hundred and sixty-nine thousand, eight hundred and forty-six naira, seventy-nine kobo) Value Added Tax and ~~₦~~17,649,834.13 (Seventeen million, six hundred and forty-nine thousand, eight hundred and thirty-four naira, thirteen kobo) Pay-As-You-Earn, all totaling ~~₦~~90,812,984.29 (Ninety million, eight hundred and twelve thousand, nine hundred and eighty-four naira, twenty-nine kobo) were not remitted to the relevant tax authorities, contrary to the provision of the Financial Regulation and Tax Act.

The Managing Director has been requested to remit the total sum of ~~₦~~377,407,633.71 (Three hundred and seventy-seven million, four hundred and seven thousand, six hundred and thirty-three naira, seventy-one kobo) outstanding taxes to the Federal Inland Revenue Service and forward evidence of payment to my Office for verification.

(c) Motor vehicles worth ~~₦~~49,061,250.00 (Forty-nine million, sixty-one thousand, two hundred and fifty naira) purchased in 2015 were not found in the bank premises, and nobody could account for them. No report was made about them to the appropriate authorities.

The Managing Director has been asked to account for the motor vehicles.

(d) Accumulated loan arrears amounting to a total sum of ~~₦~~101,935,126,917.98 (One hundred and one billion, nine hundred and thirty-five million, one hundred and twenty-six thousand, nine hundred and seventeen naira, ninety-eight kobo) were unpaid under some scheme in the bank.

The Managing Director has been requested to recover the sum of ~~₦~~101,935,126,917.98 (One hundred and one billion, nine hundred and thirty-five million, one hundred and twenty-six thousand, nine hundred and seventeen naira, ninety-eight kobo) and forward the recovery particulars for confirmation.

(e) A sum of ~~₦~~996,757,881.10 (Nine hundred and ninety-six million, seven hundred and fifty-seven thousand, eight hundred and eighty-one thousand, ten kobo) arrears of loan were trapped in some primary Mortgage Banks and Micro Finance Banks.

The Managing Director has been asked to enlighten me on the efforts being made to recover this sum of ~~₦~~996,757,881.10 (Nine hundred and ninety-six million, seven hundred and fifty-seven thousand, eight hundred and eighty-one thousand, ten kobo).

(f) A total amount of ~~₦~~233,657,534.25 (Two hundred and thirty-three million, six hundred and fifty-seven thousand, five hundred and thirty-four naira, twenty-five kobo) was a balance of invested National Housing Fund in a distressed bank not accounted for by the Federal Mortgage Bank.

The Managing Director has been requested to recover the outstanding balance of ~~₦~~233,657,534.25 (Two hundred and thirty-three million, six hundred and fifty-seven thousand, five hundred and thirty-four naira, twenty-five kobo) and forward the relevant documents to my Office for verification.

(g) A sum of ~~₦~~4,922,395,434.18 (Four billion, nine hundred and twenty-two million, three hundred and ninety-five thousand, four hundred and thirty-four naira, eighteen kobo) being 25% of the total sum of ~~₦~~19,689,581,736.74 (Nineteen billion, six hundred and eighty-nine million, five hundred and eighty-one thousand, seven hundred and thirty-six naira, seventy-four kobo) internally generated revenue by Federal Mortgage bank was not paid to the Consolidated Revenue Fund.

The Managing Director has been requested to remit the sum of ~~₦~~4,922,395,434.18 (Four billion, nine hundred and twenty-two million, three hundred and ninety-five thousand, four hundred and thirty-four naira, eighteen kobo) to the Consolidated Revenue Fund and forward the receipt to my Office for verification.

(i) The total sum of ~~₦~~316,438,406.56 (Three hundred and sixteen million, four hundred and thirty-eight thousand, four hundred and six naira, fifty-six kobo) composed of ~~₦~~141,740,311.16 (One hundred and forty-one million, seven hundred and forty thousand, three hundred and eleven naira, sixteen kobo) Value Added Tax and ~~₦~~174,698,095.40 (One hundred and seventy-four million, six hundred and ninety-eight thousand, ninety-five naira, forty kobo) Withholding tax collected in 2014 were not remitted to the Federal Inland Revenue Service. This is a violation of the provision of Financial Regulation 235, which states that “a deduction of WHT and VAT shall be remitted to Federal Inland Revenue Service at the same time the payee who is the subject of deduction is paid”.

The Managing Director has been asked to remit the sum of ~~₦~~316,438,406.56 (Three hundred and sixteen million, four hundred and thirty-eight thousand, four hundred and six naira, fifty-six kobo) VAT and WHT to the Federal Inland Revenue Service and forward the receipt to my Office for verification.

(j) A sum of ~~₦~~318,243,254.25 (Three hundred and eighteen million, two hundred and forty-three thousand, two hundred and fifty-four naira, twenty-five kobo) outstanding investment funds, trapped in distressed banks were still un-recovered.

The Managing Director has been requested to intensify effort to recover the sum of ~~₦~~318,243,254.25 (Three hundred and eighteen million, two hundred and forty-three thousand, two hundred and fifty-four naira, twenty-five kobo) and forward evidence of recovery to my Office for audit verification.

(k) A total sum of ~~₦~~7,122,394,594.84 (Seven billion, one hundred and twenty-two million, three hundred and ninety-four thousand, five hundred and ninety-four naira, eighty-four kobo) were un-recovered loans from Estate Developers, some of who have litigation cases in court for various reasons such as, trapped fund in distressed bank, sale to private individuals after completion of projects without offsetting their loans, abandonment of site and so on.

The Managing Director has been requested to recover the loans plus interest totaling ~~₦~~7,122,394,594.84 (Seven billion, one hundred and twenty-two million, three hundred and ninety-four thousand, five hundred and ninety-four naira, eighty-four kobo) from the defaulting companies and furnish recovery particulars for audit verification.

(l) Contracts of supplies for the sum of ~~₦~~369,044,089.13 (Three hundred and sixty-nine million and forty-four thousand and eighty-nine naira, thirteen kobo) all originated from and ended in the Procurement Department without passing through the store. This violated the provision of Financial Regulation 2133 which states that “the duties of Store-keepers are mainly to ensure that goods ordered and received are according to specifications and are recorded in the Stores Ledger as appropriate”. Also, the practice was contrary to Financial Regulation 2402 which stipulates that “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 quoting the Store Receipt Voucher number and attaching the original copy of the Store Receipt Voucher to the original LPO”.

The Managing Director has been requested to explain why the purported procurement of this magnitude did not pass through the store control. Otherwise, he should recover and pay the sum of ₦369,044,089.13 (Three hundred and sixty-nine million and forty-four thousand and eighty-nine naira, thirteen kobo) to the Sub-Treasury and forward the payment particulars to my Office for verification.

(m) Asset worth ₦56,096,943.06 (Fifty-six million, ninety-six thousand, nine hundred and forty-three naira, six kobo) were claimed to have been damaged, burnt and destroyed by fire outbreak at the Head office building of the Agency. However, there was no evidence that the loss has been reported to the Accountant-General of the Federation, the Auditor-General for the Federation and the Police as required by the Financial Regulation 2601.

The Managing Director has been requested to furnish my Office with the following documents:

- (i) Duly completed treasury form 146
- (ii) Police interim and final report
- (iii) Federal Fire Service report
- (iv) Board of Inquiry report
- (v) A comprehensive list of items burnt, damaged and destroyed by fire with their value or cost.
- (vi) Evidence of compensation received from the insurance company.

These issues raised have been taken up with the Managing Director and his response is being awaited.

FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENTS

7.44 During the audit examination of the Revenue books of the Federal Ministry of Trade and Investments, the following observations were made:-

(a) The sums of ₦424,808,500.00 and ₦403,647,000.00 were generated as revenue in 2014 and 2015 respectively. However, the accounting records maintained by the Finance and Account Department of the Ministry reported ₦435,495,598.60 and ₦396,734,411.72 as the revenue generated in 2014 and 2015 respectively, resulting to an overstated revenue of ₦10,687,098.60 in 2014 and an understated revenue of ₦6,912,588.28 in 2015 resulting in a net overstatement of generated revenue by ₦3,774,510.34 for the two years.

The Permanent Secretary has been requested to explain the reason for the differences.

(b) A total sum of ₦88,951,805.69 (Eighty-eight million, nine hundred and fifty-one thousand, eight hundred and five naira, sixty-nine kobo) were amount mopped up to the TSA in 2015 which had not been transferred to the CRF and the General Recovery Account of the ministry as at time of audit on June, 2016.

The Permanent Secretary has been requested to ensure that ~~₦~~88,951,805.69 mopped up is transferred to the CRF and forward the evidence for audit confirmation.

(c) A total sum of \$47,404.69 (Forty-seven thousand, four hundred and four Dollar, sixty-nine cent) were amount of variance occurring in revenue generated with the deposits made into the Bank in UK in 2015.

The Permanent Secretary has been requested to ensure prompt \$47,404.69 is reconcile and forward the evidence of reconciliation to my Office for audit verification.

(d) Amounts totaling ~~₦~~5,804,000.00 (Five million, eight hundred and four thousand naira) were granted as cash advances to a staff for procurement of various goods and services, contrary to Circular Ref. No. TRY/A2&B2/2009/OAGF/CAD/026/V dated 24th March, 2009, which prohibits granting of advances above ~~₦~~200,000.00.

The Permanent Secretary has been requested to explain the reason(s) for the violation of the above stated circular.

(e) Payment vouchers with amounts totaling ~~₦~~11,061,875.29 (Eleven million and sixty-one thousand, eight hundred and seventy-five naira, twenty-nine kobo) were not presented to the Internal Auditor for pre-payment audit check before payments were effected. Financial Regulation 1705 requires 100% pre-payment audit of all vouchers before payments are made.

The Permanent Secretary's explanation is being awaited.

(f) Savings from Capital Estimate totalling ~~₦~~45,103,437.34 (Forty-five million, one hundred and three thousand, four hundred and thirty-seven naira, thirty-four kobo), made during the award of some projects was wrongfully expended by the Ministry.

The Permanent Secretary has been requested to recover the total amount expended and pay it to Consolidated Revenue Fund.

(g) Some local travels were observed to have been inappropriately paid for from the Capital vote and the amount spent was ~~₦~~12,440,000.00 (Twelve million, four hundred and forty thousand naira) without approved virement from the National Assembly.

The Permanent Secretary has been requested to provide explanation for this distortion.

(h) The sum of ~~₦~~1,805,000.00 and ~~₦~~1,310,000.00 totalling ~~₦~~3,115,000.00 were paid as cash advances to some staff for procurement of video Conference Equipment and procurement of facility for Human Resource Data Base Development respectively in violation of Circular Ref. No. TRY/A2&B2/2009/OAGF/CAD/026/V dated 24th March, 2009, which stipulate that all procurement of stores and services costing above ~~₦~~200,000.00 should be made through award of contract.

The Permanent Secretary has been requested to explain why due process was not observed.

(i) A contract amounting to ₦8,802,000.00 (Eight million, eight hundred and two thousand naira) was awarded and paid for installation of Closed Circuit Television (CCTV) cameras without proper documents. All efforts made to see the supporting documents for audit verification proved abortive.

The Permanent Secretary has been requested to furnish my Office with all the relevant documents relating to the contract before this expenditure can be accepted as a legitimate charge against the public funds.

(j) A total sum of ₦75,879,740.00 (Seventy-five million, eight hundred and seventy-nine thousand, seven hundred and forty naira) being advances granted to staff of the Ministry in 2015 were not retired as at the time of writing this report in September, 2016.

The Permanent Secretary has been requested to recover all the advances en-bloc from the emolument of the staff, in line with extant Rules and Financial Regulations.

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

BANK OF AGRICULTURE LIMITED (BOA), KADUNA

7.45 During the audit examination of the account and other related records maintained by the Bank of Agriculture Limited, Kaduna, the following observations were noted:-

(a) Ten (10) vendors were approved to supply the needed tractors, implements and other equipments deemed necessary for the Agriculture Transformation Agenda (ATA): Private Sector Mechanization Intervention Programme worth ₦3,200,592,007.00 of which 20% is repayable as equity contribution by Service Provider Operators (SPOs) 24 months after delivery to them.

Audit scrutiny on the recovery of 20% Service Provider Operators (SPOs) Equity contribution and performance of 35% refinancing loan granted, revealed that the sum of ₦78,960,842.00 was recovered as at the first quarter (March) 2016, leaving a balance of ₦27,270,043.00 while the 35% refinancing loan to the programme's private sector service Provider Operators (SPOs) was in progress.

The Managing Director has been requested to provide a schedule of all SPOs benefiting from the programme, 20% equity contribution, 35% refinancing loan granted and their performance for audit verification.

(b) Amount totaling ₦828,975,628.51 (Eight hundred and twenty-eight million, nine hundred and seventy-five thousand, six hundred and twenty-eight naira, fifty-one kobo) being outstanding loan on Commission in this Federal Government Bank had been deemed irrecoverable due to the attitude of the recipients. Management ought to have organized Desk officers in tracking investments, so as to ensure that

investments progressed according to plan, thereby reducing the risk of default and ensure timely initiation of remedial intervention where there were obvious challenges.

The Managing Director has been requested to furnish me with the latest development on the recovery of the outstanding loan totalling ₦828,975,628.51.

(c) National Planning Commission/Japanese Revolving Loan amounting to ₦721.2million and ₦493 million respectively, both totaling ₦1,214,200,000.00 were domiciled with Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) now Bank of Agriculture (BOA) as Revolving Loan to Small and Medium Scale Enterprises (SMES).

The sum of ₦493,000,000.00 was disbursed to 70 (Seventy) beneficiaries and ₦721,200,000.00 to 98 (Ninety-eight) beneficiaries who were screened and approved by the Presidential Steering Committee. Surprisingly, the loans granted have accumulated to the tune of ₦2,703,757,186.13 as at November 2008 without any evidence of further recovery to date.

The Managing Director has been requested to furnish my Office with evidence that the liability of these facilities has been transferred to the National Planning Commission and Statement of Accounts/Bank Statement submitted for audit verification. His response is being awaited.

The issues raised have been communicated to the Managing Director and his response is being awaited.

FINANCIAL REPORTING COUNCIL OF NIGERIA

7.46 During the periodic checks of the books of accounts and records of the Financial Reporting Council of Nigeria, the following observations were made:-

(a) A total sum of ₦8,020,518.76 (Eight million, twenty thousand, five hundred and eighteen naira, seventy-six kobo) were Value Added Tax not deducted from procurements, works and services carried out in the Council as at 31st December, 2015.

The Executive Secretary has been requested to recover and remit the sum of ₦8,020,518.76 to Federal Inland Revenue Service and forward evidence of remittance for audit verification.

(b) Expenditure amounting to ₦4,000,000.00 (Four million naira) was incurred by the Council on behalf of the supervising ministry as at 31st December 2015, contrary to Section 27 of the administrative guidelines regulating parastatals and supervising ministries.

The Executive Secretary has been requested to recover and remit the sum of ₦4,000,000.00 back to the Consolidated Revenue Fund and forward evidence of remittance to my Office for audit verification.

(c) The sum of ₦3,871,931.00 (Three million, eight hundred and seventy-one thousand, nine hundred and thirty-one naira) was the value of store items purchased and used without being taken on store charge contrary to Financial Regulation 2401 which stipulates that all purchased store items must be taken on ledger charge.

The Executive Secretary has been requested to produce evidence that these items were bought and judiciously utilized, otherwise recover and remit the sum of ₦3,871,931.00 to the Consolidated Revenue Fund and forward evidence of remittance to my Office for verification.

NATIONAL PLANNING COMMISSION (NPC)

7.47 During the audit examination of the accounting and other records maintained by the National Planning Commission, the following observations were made:-

(a) A total sum of ₦23,405,586.75 (Twenty-three million, four hundred and five thousand, five hundred and eighty-six naira, seventy-five kobo) remained unremitted WHT and VAT by the Commission as at 31st December 2013. It was also observed that WHT totaling ₦6,372,878.39 and VAT of ₦1,542,352.52 deducted in 2014 all totaling ₦7,915,230.91 were not remitted as at the time of audit verification, contrary to the provisions of Financial Regulation 235 and Tax Act No. 102 of 1993 which stipulate that all WHT and VAT must be remitted to the Federal Inland Revenue Service.

As a result of delayed payment of WHT and VAT, the sum of ₦6,658,267.21 is expected to be paid to FIRS being penalty and 200% interest on unremitted WHT and VAT between 2013 and 2014. This is in line with Circular No. 9502 of 20th February 1995 which stipulates “that failure to deduct taxes and failure to remit taxes withheld are punishable by fine of 200% of tax not remitted within the statutory time limit. The time within which the tax is to be remitted to the Federal Inland Revenue Service is 30 days from the day the tax was withheld or the date the duty to deduct arises, whichever is earlier”.

The Permanent Secretary has been requested to remit the outstanding WHT and VAT to the appropriate Tax Authority and furnish my Office with the necessary evidence of remittance for audit verification.

(b) Payment vouchers with amounts totaling ₦142,211,262.50 (One hundred and forty-two million, two hundred and eleven thousand, two hundred and sixty-two naira, fifty kobo) were raised and paid as advances in favour some staff of the Commission in contravention of Tax Act No. 9502 of 1995 and Circular No. TRY/A2/2009/OAGF/CA/028 of 24th March, 2009 issued by the Accountant-General of the Federation which states that cash advances or “Special imprest” are meant for minor purchases not exceeding ₦200,000.00, any purchases above this amount should be made through the award of contract.

The advances granted to the staff denies the Federal Government of its legitimate revenue through Withholding Tax and Value Added Tax amounting to ₦14,221,112.62.

The Permanent Secretary has been requested to remit the VAT and WHT totalling ₦14,221,112.62.

(c) It was also observed that proceeds from disposal of 9 (Nine) motor vehicles totalling ₦10,738,750.00 (Ten million, seven hundred and thirty-eight thousand, seven hundred and fifty naira) was not remitted to the Consolidated Revenue Fund, contrary to Circular No. TRY/A7/B7/2004 of 11th June 2004 which states that “The full amount of sales of Government properties and other fixed assets should be remitted to a dedicated Account in the Central Bank of Nigeria”.

The Permanent Secretary has been requested to furnish my Office with authority for withholding the proceeds meant for Consolidated Revenue Fund account and to remit the proceeds realized from the sales of the asset to the Sub-Treasurer of the Federation and forward to my Office the necessary particulars for audit verification.

(d) The examination of payment voucher No. NPC/OCS/614/14 dated 28/10/2014 for amount totaling ₦1,460,000.00 (One million, four hundred and sixty thousand naira) raised and paid to an officer in respect of Out-of-Pocket Expenses revealed that the payment was made for Advertisement placed by a group of friends and family of a Minister. Hence, it is not a legitimate payment from public funds.

The Permanent Secretary has been requested to recover the sum of ₦1,460,000.00 from the officer and forward recovery particulars for audit verification.

(e) Audit examination of payment voucher No. NPC/OCS/37 dated 6th May, 2013 revealed that the sum of ₦14,102,368.00 (Fourteen million, one hundred and two thousand, three hundred and sixty-eight naira) was paid for a trip not approved by the Head of Service of the Federation. Equally paid along this were contingencies of \$1,000.00 (One thousand US Dollars).

The Permanent Secretary has been requested to produce all the relevant approvals for the payments or recover the amount paid and forward the repayment details for audit verification.

(f) Cash advances totaling ₦23,553,020.00 (Twenty-three million, five hundred and fifty-three thousand and twenty naira) were granted to a member of the Commission to facilitate the payment of the outstanding liabilities purportedly incurred at the inauguration ceremony of the project development structure for NIIP. This payment was not properly accounted for and the relevant adjustment vouchers raised in retirement of the advance was not supported by vital documents such as invoices, receipts, Store Receipt Vouchers, list of payee with evidence of payment/receipts. In the absence of these documents, I cannot certify the expenditure as a proper charge against public funds.

The Permanent Secretary has been requested to furnish me with the necessary supporting documents for audit verification, otherwise the funds be returned to the Government Treasury and relevant particulars presented for verification.

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

NIGERIAN INVESTMENT PROMOTION COMMISSION (NIPC)

7.48 During the audit examination of the accounting books and other related records maintained by the Nigerian Investment Promotion Commission, the following observations were made:-

(a) A total sum of ~~₦68,841,549.84~~ (Sixty-eight million, eight hundred and forty-one thousand, five hundred and forty-nine naira, eighty-four kobo) was deducted as WHT and VAT between January 2013 and June 2015, but only the sum of ~~₦36,047,142.86~~ (Thirty-six million, forty-seven thousand, one hundred and forty-two naira, eighty-six kobo) was remitted to the relevant tax authority, leaving a balance of ~~₦32,794,406.98~~ (Thirty-two million, seven hundred and ninety-four thousand, four hundred and six naira, ninety-eight kobo) unremitted, in contravention of Financial Regulation 235.

The Executive Secretary has been requested to remit the sum of ~~₦32,794,406.98~~ (Thirty-two million, seven hundred and ninety-four thousand, four hundred and six naira, ninety-eight kobo) to the appropriate tax authority and forward evidence of payment to my Office for verification.

(b) A total sum of ~~₦26,479,173.82~~ (Twenty-six million, four hundred and seventy-nine thousand, one hundred and seventy-three naira, eighty-two kobo) was deducted as Pay As You Earn from staff salaries between January 2013 and May, 2015 without any evidence of remittance to the Federal Inland Revenue Service, contrary to Financial Regulation 234.

The Executive Secretary has been requested to remit the sum of ~~₦26,479,173.82~~ (Twenty-six million, four hundred and seventy-nine thousand, one hundred and seventy-three naira, eighty-two kobo) to the Federal Inland Revenue Service, forwarding evidence of remittance for verification.

(c) Amount ~~₦22,934,658.44~~ (Twenty-two million, nine hundred and thirty four thousand, six hundred and fifty-eight naira, forty-four kobo) was not deducted as WHT and VAT from various contracts awarded between January 2013 and June 2015. This contravened Financial Regulation 235 which stipulates that VAT, WHT and PAYE shall be remitted to FIRS at the same time the payee who is the subject of the deduction is paid.

The Executive Secretary has been requested to recover the sum of ~~₦22,934,658.44~~ (Twenty-two million, nine hundred and thirty four thousand, six hundred and fifty-eight naira, forty-four kobo) from the contractors, remit to FIRS and forward evidence of remittance to my Office for audit verification.

(d) Contracts worth ~~₦~~65,753,750.00 (Sixty-five million, seven hundred and fifty-three thousand, seven hundred and fifty naira) were awarded to different contractors for the supply of fuel to the Commission without deducting Withholding Tax and Value Added Tax totaling ~~₦~~6,575,375.00 (Six million, five hundred and seventy-five thousand, three hundred and seventy-five naira).

The Executive Secretary has been requested to remit the total sum of ~~₦~~6,575,375.00 (Six million, five hundred and seventy-five thousand, three hundred and seventy-five naira) to the Federal Inland Revenue Service, forwarding evidence of remittance for verification.

(e) Between 2013 and 2014, the sum of ~~₦~~5,384,686,321.00 (Five billion, three hundred and eighty-four million, six hundred and eighty-six thousand, three hundred and twenty-one naira) was collected as Internally Generated Revenue by the Commission while 25% of the total sum amounting to ~~₦~~1,346,171,580.20 (One billion, three hundred and forty-six million, one hundred and seventy-one thousand, five hundred and eighty naira, twenty kobo) was expected to be paid to the Consolidated Revenue Fund. However, the total amount paid was only ~~₦~~868,785,449.51 (Eight hundred and sixty-eight million, seven hundred and eighty-five thousand, four hundred and forty-nine naira, fifty-one kobo), leaving a balance of ~~₦~~477,386,130.94 (Four hundred and seventy-seven million, three hundred and eighty-six thousand, one hundred and thirty naira, ninety-four kobo) un-remitted. This practice was a violation of the Financial Regulations and Treasury Circular No. BO/RVE/12235/259/VII/201 of 11th March, 2011.

The Executive Secretary was requested to pay the unremitted sum of ~~₦~~477,386,130.94 (Four hundred and seventy-seven million, three hundred and eighty-six thousand, one hundred and thirty naira, ninety-four kobo) to the Consolidated Revenue Fund and evidence of compliance forwarded to my Office for audit verification.

(f) Amounts totaling ~~₦~~8,620,788.07 (Eight million, six hundred and twenty thousand, seven hundred and eighty-eight naira, seven kobo) extracted from the Revenue Receipt Booklet for 2013 was not recorded in the Revenue Cash book, contrary to Financial Regulation 209 which stipulates that all revenue collectors must keep a Cashbook.

The Executive Secretary was requested to ensure that the sum of ~~₦~~8,620,788.07 (Eight million, six hundred and twenty thousand, seven hundred and eighty-eight naira and seven kobo) is properly recorded in the Cashbook and evidence of such record should be forwarded to my Office for verification.

(g) The total sum of ~~₦~~67,448,879.00 (Sixty-seven million, four hundred and forty-eight thousand, eight hundred and seventy-nine naira) was incurred for purchase of store items without the Store Receipt Voucher attached to the payment voucher as evidence that the stores have been received and taken on charge in the Store Ledger, as stipulated by Financial Regulation 2402 which provides that all purchased store items must pass through the Store.

The Executive Secretary has been requested to explain why the purchased items were not passed through the Store, otherwise recover the sum of ~~N~~67,448,879.00 (Sixty-seven million, four hundred and forty-eight thousand, eight hundred and seventy-nine naira) and pay back to Government coffers, forwarding evidence to my Office for verification.

All the irregularities have been communicated to the Executive Chairman for prompt action. His response is still being awaited.

ACKNOWLEDGEMENT

I wish to express my profound gratitude and deep appreciation to all the members of my staff for their hard work and diligence during the period under review. This Report is a demonstration of their devotion to duty and unalloyed support for the role of this Office. I also thank all those functionaries outside my Office who have so delightfully co-operated with my Office in the performance of my statutory duties this year and in the compilation of this Report.

(SIGNED)

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